

Britain and Argentina Accept Offer From UN as Framework for Talks

But Thatcher Rejects Truce Without Troop Withdrawal

From Agency Dispatches
LONDON — Prime Minister Margaret Thatcher said Thursday Britain accepted ideas put forward by the United Nations secretary-general as a framework to build a specific peace proposals to end the Falkland Islands conflict with Argentina.

But she told Parliament there could be no cease-fire in the South Atlantic without Argentine withdrawal from the Falkland Islands, seized April 2.

At the United Nations, Jorge Hugo Herrera Vegas, third-ranking officer of the Argentine mission, said his country accepted a UN mediation role to end the fighting.

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Despite her assertion that military action would continue, there were no fresh reports of combat from the South Atlantic Thursday.

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Argentina left vague whether it would agree to withdraw its forces from the Falkland Islands at the same time Britain withdraws its task force from the 200-mile (320-kilometer) war zone around the archipelago.

UN Administration
A highly placed diplomatic source at the United Nations said the Pérez de Cuellar plan calls for an immediate cease-fire, withdrawal of Argentine troops, withdrawal of the British fleet enforcing a 200-mile blockade of the Falklands, a beginning of negotiations, suspension of economic sanctions against Argentina and UN administration of the islands during peace talks.

Mrs. Thatcher said, "It may well be likely that the Argentines are concentrating on a cease-fire without withdrawal. That would be a very evident ploy to keep possession of their ill-gotten gains, and we are right to be very, very wary of it."

Mrs. Thatcher told the House of Commons that Argentina must accept the whole of the UN Security Council's mandatory Resolution 502 "and there can be no cease-fire unless accompanied by withdrawal which is fully and properly supervised."

She said the ideas put by Mr. Pérez de Cuellar to British Foreign Secretary Francis Pym in New York last weekend, were very much a framework. There were no details and no timetable was attached.

"But they do in fact link cessation of hostilities with withdrawal as you would expect in view of the Security Council resolution," she said.



UN Secretary-General Javier Pérez de Cuellar, left, and Argentine Ambassador Eduardo A. Roca at the Security Council.

"Beyond that I'm afraid there is no timing or no practical arrangements and they really are a basis for discussion."

Britain said Thursday that Argentina had frustrated a separate diplomatic attempt by Peru to secure a negotiated settlement of the Falklands crisis.

Mr. Pym issued a statement saying, "Had they genuinely wanted peace they would have accepted the latest proposal put to them and we could have had a cease-fire in place by 5 p.m. tomorrow."

A Foreign Office spokesman made clear that Mr. Pym's statement referred to the plan promoted by Peruvian President Fer-

nando Belaúnde Terry last weekend, refined by U.S. Secretary of State Alexander M. Haig Jr. and then submitted to London. Details of the proposals have not been made public.

Mrs. Thatcher made clear there would be no let-up in military activities while the diplomatic process was going on. "We must continue with our military activities," she said. "It would be too easy to say no military activities during negotiations, and what would happen?"

"We should be hamstringing. The people would still remain under the heel of the invader, while the

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Argentines To Insist on Sovereignty

From Agency Dispatches

BUENOS AIRES — Defense Minister Amadeo Frugoli said Thursday that Argentina was open to negotiations but that it would not drop its demand that Britain recognize Argentine sovereignty over the Falkland Islands.

His comments came as reports from New York and London said that Argentina and Britain had agreed to a six-point United Nations proposal as a framework for peace.

Asked what Argentina's conditions were for withdrawing its troops from the islands, which are known here as the Malvinas, Mr. Frugoli told reporters:

Cessation of Hostilities

"Argentina has clearly stated that its sovereignty over the Malvinas should be recognized as such. It is open to any diplomatic negotiations as long as they do not affect its honor and legitimate rights."

Argentine government sources said earlier Thursday that Buenos Aires wants a cessation of hostilities with Britain, including the lifting of economic sanctions, before negotiations begin.

The Argentine Foreign Ministry said Wednesday night that it would accept the intervention of UN Secretary-General Javier Pérez de Cuellar or the UN Security Council to negotiate a settlement to the dispute.

Mr. Frugoli said Argentina was having practically no problem in supplying its troops on the Falklands despite a British air and sea blockade and two bombing raids on island landing strips. He did not say how supplies were reaching the archipelago.

Mr. Frugoli also indicated that Argentine forces were ready, if necessary, to fight inside or outside the 200-mile (320-kilometer) war zone around the islands.

But he said no fighting was under way "at this moment." The last reported combat occurred Tuesday when the British destroyer Sheffield was hit by a missile, and a British Harrier jump-jet was shot down during a bombing run on the islands' airstrip.

Contradicting British claims, Mr. Frugoli said the landing strips remained "totally operational."

Meanwhile, Argentine Navy ships and planes continued Thursday to comb the stormy South Atlantic for survivors of the cruiser General Belgrano, which was sunk Sunday by a torpedo from a British submarine.

Naval sources estimated that more than 800 crewmen had been rescued. The Belgrano had a crew capacity of 1,042, but reportedly often carried fewer men.

The sources said it took more than an hour for the vessel to sink.

A 14.6-percent devaluation of the peso and a 30-percent rise in gasoline prices took effect Thursday as part of Economy Minister Roberto Alemann's emergency measures to stabilize the nation.

Argentina faced serious economic difficulties in 1981, including a 150-percent annual inflation rate — even before the costly war.

The devaluation was intended to discourage businesses and individuals from exchanging the peso for foreign currency, which can be sent out of the country.

Mr. Alemann also announced a 7.1-percent tax on key exports to help finance the war effort.

Foreign banking sources said that Mr. Alemann will allow some exceptions to a freeze on Argentine payments to residents in Britain. The sources said Argentina must make payments on certain loans, possibly large syndicated loans, to avoid being declared in default by Britain.

The plan, worked out Wednesday just hours after the Senate Budget Committee had unanimously rejected President Reagan's original budget, would leave untouched the tax cuts passed last year, make minor reductions in military spending, and reduce deficits over the next three years through a freeze on domestic spending and \$400 billion in unspecified savings in Social Security.

It was tentatively adopted Wednesday by the Budget Committee on an 11-to-9 vote that followed party lines.

On Thursday, House Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts, charged that the proposal mandates "wallowing defense expenditures and fails to correct the inequities and excesses" of last year's tax cuts.

"At the same time it proposes deep cuts in Social Security and other vital programs," the House speaker added.

The Senate Democratic leader, Robert C. Byrd of West Virginia, condemned the proposal for "mortgaging the economic future



The commander of the General Belgrano, the Argentine cruiser sunk by Britain, leaving a plane at Bahia Blanca naval base as the cruiser's vice commander is hugged by the naval base commander.

U.S. Said to Issue Guidelines Tying Foreign Aid to Security Interests

By Joseph Fitchett

International Herald Tribune

PARIS — The Reagan administration has decided that U.S. foreign aid will be channeled primarily to countries that directly benefit U.S. security interests, according to diplomats in Western Europe and Africa who have seen a classified document giving policy guidelines on development aid.

"It sets out an explicit rationale for spending aid money as a lever for advancing U.S. defense policies," a U.S. diplomat said, adding, "It is the death knell of the liberal notions from the 1960s about world economic development as an end in itself."

Crystallizing many Reagan administration attitudes about how to promote Third World stability, the document — and the policy thrust behind it — will be a source of disagreement at the seven-nation economic summit next month.

France, host for the Versailles summit, wants to press the United States to commit more resources to long-term, multilateral development efforts, French sources said.

The U.S. document, dispatched last month over the signature of Secretary of State Alexander M. Haig Jr., was drafted in the office of James L. Buckley, undersecretary for security assistance, science and technology, the sources said. It provides policy guidance to embassies in examining programs and countries that are candidates for U.S. aid.

The new guidelines, in order of priority, list eight possible justifications for extending financial help. In the top categories are countries where aid can directly advance U.S. strategic aims or where the United States can obtain military facilities.

There is only one mention of aid in terms of international solidarity or the broad purpose of general economic growth for its own sake,

and this solitary reference is in the bottom-priority, catchall category, the sources said.

The new approach rests on the idea that military aid, not economic assistance, has a better chance of maintaining stability in areas where the United States has a strategic stake. Throughout the 1960s and for most of the 1970s, economic development was generally viewed in Washington as a substitute for many security programs.

The new document says aid should have direct political and usually military purposes.

"In effect, it says that, if Morocco or some other developing country is having security problems,

better tanks and other military hardware, even if it is expensive to buy and maintain, will be more useful for stability than more aid to balance the budget, feed more people or modernize the economy," a diplomat said. Morocco is one country whose expanding military cooperation with the United States will certainly improve its credentials as a U.S. aid recipient.

The big losers probably will be African and Asian countries that have little strategic interest for the United States. "In other words, basket cases need not apply any longer," a U.S. diplomat said.

The momentum within the State Department for a candid, hard-nosed approach to aid came from the office of Mr. Buckley, a former U.S. senator with solid conservative credentials, whose influence in the State Department extends beyond his direct responsibilities for coordinating diplomacy and military assistance.

Diplomats from several U.S. embassies in Western Europe and Africa agreed to discuss the document in general terms, but they declined to provide the text — which is classified confidential — or to be identified. A State Department spokeswoman, who acknowledged the cable's existence, confirmed a policy shift in U.S. aid thinking to restore "strategic focus" to assistance programs. Mr. Haig, in a message to Congress on March 2, outlined policy goals that are spelled out bluntly in the cable, which provided instructions on how to implement the new approach starting in fiscal year 1984.

Several diplomats noted that the document contains few surprises in the light of recent U.S. aid decisions. Despite some congressional resistance, the Reagan administration has moved to reduce its financing of development-oriented multilateral aid bodies and to

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James L. Buckley

Polish Protests Bode Ill for Policy of 'Accord'



A demonstrator in Gdansk replacing the red Communist flag with a Polish flag.

Depth of Unrest, Regime's Failures Underscored

By John Darton

New York Times Service

WARSAW — The anti-government demonstrations of recent days indicate that time is running out for Gen. Wojciech Jaruzelski's proclaimed policy of reaching a "national accord."

The protests, which turned violent Monday when police charged marchers in Warsaw and a dozen other cities, underscored both the depth of popular anger for the suspended Solidarity labor union and the depth of opposition to martial law.

Wednesday, with the controlled press variously condemning the demonstrations as the work of hooligans, misguided youths or Western-inspired subversives, it became clear that nearly five months of strict military rule have not stabilized the country.

Quite the contrary — the military rule to some degree has exacerbated its considerable problems by making the gap between the rulers and the ruled, which lies at the heart of the Polish agony, that much greater.

A Kind of Shield

Insofar as can be determined from public utterances and private conversations, the thinking of the military men and their civilian advisers who consolidated power on Dec. 13 was that martial law would serve as a kind of shield.

Their plan was to hold a lid on volatile political developments in hopes that the moribund economy would revive somewhat with an injection of discipline and reform, enough to turn the population to thoughts of bread instead of "anarchistic" democracy.

In the meantime, some of them argued, a sort of tamed Solidarity might be revived to channel the anger of the working class and a modus vivendi could be worked out with the Roman Catholic Church to gain a semblance of legitimacy.

It has not worked that way. The economic reforms have been partial and piecemeal, and from the average worker's point of view, are associated mainly with whopping price increases, which have only fueled discontent.

While Finance Ministry officials can produce "optimistic" statistics to show some improvement — actually a less rapid decline — no objective economist believes that, even with the best of luck, the economy could right itself within five years.

Politically, the government has made no move to accommodate or even recognize the aspirations of many of the people for a more open and just society. While officials occasionally spoke of the need for continuing the "renewal," as political reform was called, their actions contradicted their words.

Perhaps the single most significant event was the dissolution of the independent-minded Journalists' Association and the attempt to replace it with a more pliant substitute, an attempt that has so far not succeeded because too few journalists have signed on.

Gen. Jaruzelski has met twice with Archbishop Jozef Glemp, but neither meeting produced an agreement on what to do next, and

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Living in San Salvador: Textures of Violence

By Richard J. Meislin

New York Times Service

SAN SALVADOR — It is easy enough to tell the visitors from the residents here. The visitors are the ones who jump when a car backfires. The residents are the ones who neither flinch nor miss a conversational beat when a bomb goes off.

To say that violence — or the threat of violence — is a fact of life in San Salvador is to understate the case. It is an omnipresent force, the background music against which daily life is played out. Only its most gruesome excesses are noticed anymore.

At least part of the daily toll of the war on civilians comes with breakfast in each day's newspapers, in little one-column photographs with brief captions that begin, "Decapitated," "Ultimado," "Victima" or "Desaparecido."

An outsider can find irony everywhere in the salsa-style advertising jingle for the premium local beer that urges Salvadorans to "live your life moment to moment," or in the name of a popular eatery, Pizzeria Boom.

There has been little talk of the violence in recent weeks, however, partly because it has fallen off sharply in San Salvador since the elections last month, and partly because attention has been riveted on the machinations involved in forming the new government.

Daily Death Toll, Anti-Guerrilla Ads Inure City's Residents to Distant War

The new constituent assembly has spent countless hours debating points of order and points of law, using euphemisms such as "lack of order" for the country's problems and "stabilization" and "normalization" for its goals.

War Far Away
For the moment, the war is far away, both physically and mentally — in Morazan province, where the armed forces began a major offensive against the guerrillas about a week ago. Access to the area by reporters is extremely limited, and while everyone knows people are being killed, no one is certain how many or who they are.

There is a distinct difference in the texture of the violence by the extreme left and that of the extreme right.

The left, for the most part, conducts its violence against property. Pipes and wires are ruptured and cut, leaving whole towns without water, electricity or telephones for weeks at a time. Travelers are stopped on the highways and assessed "war taxes" to support the revolution. This makes people angry.

The extreme right, for the most

part, conducts its violence against people. Its agents, Western officials assert, have improved their behavior, but the officials acknowledge that far-rightists still conduct fatal forays against those who are suspected guerrillas or guerrilla sympathizers, or who may become either. This makes people terrified.

The armed forces recently introduced a new weapon into their arsenal against the guerrillas: radio and newspaper advertisements aimed at promoting the idea that since the overwhelming turnout in the election March 28, the guerrillas have been isolated from the people.

Some of his friends accused the yellow Green Cross. Others said the extreme right was taking revenge for his having helped a guerrilla in a recent battle. Still others thought it was a case of mistaken identity. As with many slayings in El Salvador, no one knows for sure.

He was taken to his grave by a phalanx of 120 Green Cross workers in Santa Ana, with his family in the lead. Along the way, his father bumped into an old friend, who commented: "Oh, there's a funeral. That's sad."

"Yes," the father replied without emotion. "It's for my son."

"You don't say!" the first man replied with alarming casualness, and, with a nodding of heads, they walked on.

In a place so divided, perhaps it

INSIDE

Vietnam Workers

Izvestia has finally responded to suggestions "in the bourgeois press" that Vietnamese laborers are being brought in as part of a plan to work off Vietnam's debt. Page 6.

Chemical Reaction

Five experts in chemical warfare, discounting evidence that the Russians are ahead of the United States in stockpiling chemical weapons, said the Reagan administration's push to build new nerve-gas weapons could threaten plans to build up conventional forces in Europe. Page 3.

Luxury Products

A supplement on French luxury products appears on Pages 7S-11S.

White House, Senate Republicans Reach a Compromise on Budget

By Helen Dewar

Washington Post Service

WASHINGTON — The White House and Senate Republican leaders have reached agreement on a compromise budget, but the draft drew sharp attacks Thursday from Democratic leaders who charged that it would hurt the poor.

The plan, worked out Wednesday just hours after the Senate Budget Committee had unanimously rejected President Reagan's original budget, would leave untouched the tax cuts passed last year, make minor reductions in military spending, and reduce deficits over the next three years through a freeze on domestic spending and \$400 billion in unspecified savings in Social Security.

It was tentatively adopted Wednesday by the Budget Committee on an 11-to-9 vote that followed party lines.

On Thursday, House Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts, charged that the proposal mandates "wallowing defense expenditures and fails to correct the inequities and excesses" of last year's tax cuts.

"At the same time it proposes deep cuts in Social Security and other vital programs," the House speaker added.

The Senate Democratic leader, Robert C. Byrd of West Virginia, condemned the proposal for "mortgaging the economic future

of the elderly to finance the economic folly" of President Reagan's tax cuts.

The new proposal was negotiated at the Capitol shortly after the 20-to-0 committee vote rejecting the Reagan budget. It was presented to the committee by Chairman Pete V. Domenici, a New Mexico Republican, who told the panel

that the president would back the proposal.

In New York, prices surged on the stock and bond markets in response to the progress in budget talks. Page 13.

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By contrast, congressional budget experts say that Mr. Reagan's own budget would produce a deficit of \$152 billion next year, even if Congress approved all of the president's controversial proposals for spending cutbacks. Congress has indicated clearly that it would not.

The plan includes a one-year pay freeze for most military and civilian government employees. For civilian government employees, a pay increase of 4 percent would be allowed in the 1984 and 1985 fiscal years.

Mr. Reagan's big military buildup would be cut by \$5 billion next year, for a total of \$22 billion over three years.

Benefit entitlement programs other than Social Security would be cut by \$33 billion over three years, starting with a \$7-billion cut next year. As worked out by Mr. Stockman and the White House chief of staff, James A. Baker 3d, in a meeting with Sen. Domenici and Senate Majority Leader Howard H. Baker Jr. of Tennessee, the plan would raise taxes by \$95 billion through 1985, including a tax increase of \$20 billion next year.

This is \$30 billion less than the three-year, \$125-billion tax increase proposal in a plan advanced by Sen. Domenici, and \$15 billion less than the \$110-billion figure Mr. Reagan embraced last week in unsuccessful negotiations with Rep. O'Neill.

Hussein Seen Willing To Hold Up Arms Bid Until U.S. Fall Election

By Edward Cody
Washington Post Service

AMMAN — King Hussein of Jordan is willing to wait until after next fall's U.S. elections before pressing his case for buying sophisticated U.S. warplanes and a mobile Hawk missile system, authoritative sources say.

The monarch's patience allows the Reagan administration to avoid letting the vehement Israeli opposition to such a sale turn the Jordanian arms requests into a hot issue in the congressional voting, while at the same time keeping it on the agenda for later consideration.

"The Jordanians know how the U.S. political system works," said a diplomat here. "They're not dummies."

King Hussein has expressed interest in buying F-16 warplanes, perhaps along with F-5Gs, and mobile improved Hawk anti-aircraft missile batteries. Because these weapons would reduce Israel's currently overwhelming air superiority over Jordan, Prime Minister Menachem Begin's government has vowed to oppose the sale in the U.S. Congress.

Against this backdrop, the U.S.-Jordanian joint military commission met last week in Amman, with Assistant Secretary of Defense Francis J. West Jr. leading the American side and King Hussein the Jordanian side. King Hussein subsequently expressed "frustration" at the administration's reticence, the sources said.

Wednesday, but withheld putting forward a formal request for the new equipment because of the political atmosphere in Washington.

1975 Missile Controversy
Despite the suggestion of new U.S. arms sales raised during Defense Secretary Caspar W. Weinberger's visit here two months ago, the Reagan administration is believed eager to avoid the kind of political battle that surrounded the sale of less sophisticated Hawk missiles to Jordan in 1975. That controversy was settled by making the missiles immobile in concrete, a restriction King Hussein has since described as intolerable.

The Jordanian monarch has already announced his intention to buy SAM-8 anti-aircraft missiles from the Soviet Union, a purchase

the Reagan administration is seeking to head off.

Diplomatic sources said that, technically at least, Jordan could buy the SAM-8 missiles for low-altitude protection while still buying the improved Hawk system from the United States for higher-altitude coverage. But, they suggested, political realities would make it more difficult for Washington to agree to sell improved Hawks if Jordan goes ahead with the Soviet deal.

King Hussein frequently has used the possibility of Soviet arms purchases as a tool to pry a more favorable response out of the United States. But informed sources in Amman say he now is more than ever considering buying Soviet equipment if he cannot fulfill his needs in the United States. A team of Soviet specialists recently arrived here for talks on Jordan's interest in the SAM-8 missiles, diplomatic sources reported.

Potential Threats
Hussein and his military leadership are looking at Syria and the threat of Iranian-caused trouble in the Gulf as the principal potential threats in the coming years, the authoritative sources said Wednesday.

At the same time, the monarch is eager to have a more credible defense against Israel, they added.

He is said to be particularly concerned about Syria. Jordanian intelligence reports say Damascus soon will have 1,000 T-72 tanks, the most modern Soviet armored vehicle and rated by experts as among the best in the world. Syria deployed two armored divisions along the Jordanian border in the fall of 1980, when it was thought King Hussein might send reinforcements to Iraq in its war against Iran.

On the one hand, the monarch deplores President Hafiz al-Assad's alliance with Iraq against Iraq in a war that King Hussein feels poses a threat to the entire Arab world, they said. On the other hand, he worries over the apparent Syrian intention to frustrate any attempt to draw the Arab world together around a moderate alternative to Camp David that would include Egypt now that the Sinai has been recovered.

King Hussein fears that an Iranian victory over Iraq could lead to a dangerous radical grouping of the Shiite regime in Tehran, an Iraq run by like-thinking Shiite Arabs and the Soviet-backed Assad government dominated by Alawite Moslems, an offshoot of Shiism. This, he is authoritatively reported to feel, would pose a threat to the Sunni Moslem monarchies such as those that run the Gulf oil countries — and Jordan.



VISIT REFUSED — Interned union leader Lech Walesa was refused permission for a visit this week from his wife, Danuta — shown here with two of their children — because of the recent demonstrations, a Warsaw spokesman said Thursday.

Polish Protests Underscore Depth of Public Opposition

(Continued from Page 1)

the church was gradually drawn into a more distant posture of criticism.

The key issue pointing up the government's inability to make a decision was that of the trade union movement. After a perfunctory and carefully engineered "public

discussion" on what shape unions should take, the issue was still unresolved on May Day, the day celebrated by unions the world over.

"The truth is that Jaruzelski is indecisive and vacillating," said an adviser well-connected to the leadership. "He keeps pointing to the bills coming up before parliament as if they were solid achievements. He didn't know what to do with power once he got it. Underneath him are all these factions pulling in different directions. So he did what [former party leader Stanislaw] Kanis and others have done before him — nothing."

In the meantime, the adviser noted, the impact of martial law was wearing off, because "people aren't scared anymore."

This much was shown by the demonstrations themselves, in which young men responded to volleys of tear gas by picking up

the canisters and throwing them back at riot policemen. The government, noting that many demonstrations occurred the same day, called this evidence that a conspiracy between anti-Communists and Western imperialists abroad was at work.

There are, however, other explanations. It is undoubtedly true that the remnants of the Solidarity leadership in hiding are becoming more organized. An indication of this was a statement released two weeks ago by the regional Solidarity leaders from Warsaw, Lower Silesia, Krakow and Gdansk, saying they had met April 22 to coordinate action and had formed a temporary coordinating commission underground to guide the suspended union.

But in talking with demonstrators and reading the mood of the country, one can come to the conclusion that not much organization was necessary. On the eve of the demonstrations, it seemed, almost everyone knew they would occur.

The protests appeared to be a natural explosion from a conglomeration of combustible elements: economic frustration, political dissatisfaction and a gradual erosion of fear. Since these elements will not easily disappear, more demonstrations are likely, unless the government moves quickly toward a genuine "accord."

Battle for Falklands May Aid Conservatives In British By-Elections

By R. W. Apple Jr.
New York Times Service

LONDON — The battle for the Falkland Islands was expected to give Prime Minister Margaret Thatcher's Conservative Party a substantial boost in Thursday's local elections in many parts of Britain.

Before the Argentine invasion April 2, most politicians had thought the Tories would take a drubbing in the elections, mainly because of continuing high unemployment and slow economic recovery. But the fighting in the South Atlantic, with Mrs. Thatcher popularly portrayed as the avenger of the humiliation, has apparently pushed the economy to the back of most voters' minds.

"She, and, by extension, her party are thoroughly wrapped in the Union Jack," said a disgruntled campaigner for the opposition Labour Party. "At a moment when our fleet is under attack, when servicemen are dying, that is an electoral asset quite beyond compare."

But it will probably be the new Social Democratic Party, not Labour, that suffers most. Having scored a series of notable by-election successes, culminating in the victory of Roy Jenkins in the Glasgow constituency Hillhead in March, the Social Democrats had hoped that Thursday's election would demonstrate once and for all that they were a serious third force in all sections of the country.

Popularity Declines
The popularity of the Social Democrats and their Liberal allies is slipping with each new opinion poll. It stands at about 25 percent, down from as much as 40 percent last year. At that percentage, the Social Democrats can expect to win second in many races but to win in relatively few.

The Social Democrats' credibility and attractiveness depended in part on the two major parties seeming inept. The Falklands crisis has made the Tories more popular by switching public attention from domestic to foreign concerns, and it has masked Labour's divisions.

The public mood, however, appears highly volatile, although it does not seem to have turned against Mrs. Thatcher because of the loss of the destroyer Sheffield Tuesday. In the long term, Tory

fortunes are linked to the resolution of the crisis, and Labour unity is unlikely to last. So any setback for the alliance in the local elections could prove to be short-lived.

Nevertheless, Social Democratic leaders are worried. William Rodgers, one of the four leaders of the party, predicted last weekend that it would not do well, and Mr. Jenkins, another of the four, has been trying to turn voters' attention away from the Falklands.

Opinion Poll
A National Opinion Poll taken in 20 London boroughs showed that 24 percent of potential Tory voters considered the crisis either the most important issue or one of the most important in the election. The same poll showed the Conservatives with 40 percent of the vote, Labour with 34 percent and the alliance with 25, a strong showing for the Tories in that area.

A total of 4,800 seats will be contested in the 32 London boroughs, the 36 metropolitan areas outside London, 103 rural districts in England and 12 regional authorities in Scotland. In some cases whole councils will be elected, but in most only about a third of the seats are at stake.

The Social Democrats have put up 2,300 candidates and the Liberals, 2,500. The alliance's latest forecasts, based on the polls and on canvassing returns, are that the Liberals will win about 400 seats and the Social Democrats about 200. That would be viewed in political circles as a considerable accomplishment but not as the kind of breakthrough the alliance sought.

Mrs. Thatcher will no doubt claim a victory even if the Tory vote is off slightly from that in the last local balloting four years ago. The party in power almost always does badly in local elections at the mid-point of its term.

Two more tests for the prime minister are also due in the next month, when the outcome of the Falklands dispute may be clearer. It was announced Wednesday that parliamentary by-elections would take place at Beaconsfield, a strong Tory seat in the prosperous suburbs west of London, on May 27 and at Mitcham and Morden, a marginal Labour seat in South London, on June 3.

WORLD NEWS BRIEFS

Compiled From Agency Dispatches

Bush Confident on U.S.-China Links

HANGZHOU, China — The agreements between the United States and China far outweigh the "few differences" separating them, Vice President Bush said Thursday on the eve of talks in which he will try to defuse the Taiwan issue.

Mr. Bush talked with State Department officials and U.S. Ambassador Arthur W. Hummel Jr. about U.S.-Chinese relations, including the Taiwan problem.

"We have over the past decade discovered that areas of mutual agreement and areas of mutual cooperation by far outweigh the few differences between us," Mr. Bush said in a banquet toast.

Italy Christian Democrats Pick Chief

ROME — The Christian Democrats Thursday elected Ciriaco De Mita, 54, as party secretary. This reflected a new alignment of factions within the party rather than a major shift in policy, political analysts said.

But one consequence of his election at a party congress in Rome is likely to be a tougher Christian Democratic line with the Socialists in the country's coalition government, they added.

Mr. De Mita, a lawyer, received 55 percent of the votes cast by delegates at the congress, beating out his only rival, Arnaldo Forlani. The two differed only marginally on party policy. But the analysts said Mr. Forlani, who was the nation's premier until his coalition government was toppled a year ago, was too closely identified with the party's old guard.

Jakarta Denies Vote Fraud Charges

JAKARTA — Indonesia's elections board Thursday denied opposition charges of vote-rigging in Tuesday's general elections, which gave an overwhelming mandate to the government of President Suharto, in power for the last 16 years.

Latest provisional figures by the board, which had counted over 90 percent of the votes, gave the ruling Golkar Party 63.5 percent of the popular vote in the elections for a new parliament.

The main opposition group, the Muslim United Development Party, has charged that some Golkar supporters voted twice and that some known opponents were denied voting papers.

Peking to Increase Defense Budget

PEKING — China has reversed a two-year decline in defense spending and will raise its 1982 military budget by \$944 million to the equivalent of \$9.9 billion, the People's Daily reported Thursday.

The world's largest army of 4.5 million relies on weapons that in many cases date to the Korean War. Although the announcement coincided with the visit of U.S. Vice President Bush, there was no indication that he would discuss China's military needs.

The increased spending is not only directed toward the Soviet Union, which the Chinese consider their most dangerous enemy, but against Vietnam, whose well-equipped military forces have generally outperformed the Chinese in border clashes in recent years.

World Labor Group Criticizes Israel

GENEVA — The International Labor Organization criticized Israel Thursday over working conditions of Arabs in occupied territories.

A report prepared for the ILO's annual conference next month said Israel used Arab children as farm and factory workers, kept job training for Arabs at a low level and exercised tight control over Arab trade unions.

Taking of Arab land and regulation of water rights in the occupied territories gives the Arabs a "prevailing feeling that they are gradually being dispossessed of their heritage, of their very means of existence and, above all, the sense of their own identity," the report by a special ILO mission said.

U.S. Navy Chief Defends Role of Surface Ships

By Michael Getler
and George C. Wilson
Washington Post Service

WASHINGTON — Navy Secretary John F. Lehman Jr. has moved quickly to dispute the notion that the destruction of a British ship with a single missile means that all navies are now vulnerable and that the Reagan administration should alter plans for a huge expansion of U.S. surface ships and aircraft carriers.

The Navy's top civilian argued just the opposite. He contended Wednesday that the big American aircraft carriers, in contrast to the much smaller and less capable British carriers now in the South Atlantic, provide enough planes for a defense that any enemy would have trouble penetrating.

Discussing the implications of dramatic events around the Falkland Islands with reporters, Mr. Lehman said that the missile-firing Argentine jet that knocked out the British destroyer HMS Sheffield Tuesday "would not have gotten anywhere near" a U.S. battle fleet without being challenged by missile-firing F-14 fighters from aircraft carriers.

Without criticizing the British, Mr. Lehman also said the U.S. fleet "would not put any ship

alone outside the range of air cover" from carriers nearby because small, destroyer-type vessels in that situation are especially vulnerable to the kind of attack that Argentina launched.

The United States now has 13 big aircraft carriers. Mr. Lehman wants two more, at a cost of \$3.4 billion apiece, as part of a five-year, \$96-billion shipbuilding program. The goal is a force of 15 carriers, each with an array of protective weapons.

The Navy chief argues that these big ships, with 90 or 100 jets aboard, carry enough radar surveillance planes, electronic-warfare planes and fighters to keep an aerial hunter-killer force aloft 24 hours a day with the ability to "see" in all directions to about 450 miles (720 kilometers) from the carriers.

The small British carriers, Hermes and Invincible are good ships, Mr. Lehman said, but they have only about 10 Harrier jump-jets each and cannot provide anywhere near the protection over an area offered by U.S. groups. "The Harriers are good but have very limited range and short-range radar, and they don't have enough men to protect the formation all the time," he said.

Mr. Lehman calls the British ships "Gary Hart carriers," a reference to Sen. Gary Hart, a Colorado Democrat, who has pushed for smaller and cheaper carriers to be used in less threatening missions.

Wednesday, Sen. Hart retorted that he was not proposing British-style jump-jet carriers but smaller versions of the U.S. carriers.

Sophisticated Weapons
Mr. Lehman argues that the Falkland battle shows there are not really any low-threat areas in the world when it comes to modern, sophisticated weaponry.

The Argentine used a new French-built Super Etendard fighter and French-built Exocet missile, fired from about 20 miles (32 kilometers) away, to knock out the British destroyer.

Many countries now have the Exocet in their arsenals. The missile flies just above the waves, making it hard to spot, and has its own radar guidance system. The Russians have even better missiles.

Mr. Lehman said the Exocet "is a very capable Cruise missile," but added, "We are confident we can handle that through the layered defense" of fighters and screening warships.

Mr. Lehman argued also that the big new attack carriers "are designed to absorb" blows from Exocets.

Thatcher Is Open to UN Peace Proposals

(Continued from Page 1)

Argentines increased their activities on the mainland, increased their supplies and reserves, in order to attack us at their will."

Earlier, a NATO meeting in Brussels, British Defense Secretary John Nott branded Argentine occupation troops as "burglars" and said there was no question of a

cease-fire unless Argentina first withdraws its forces from the islands.

The UN plan avoids the crucial issue of sovereignty over the islands, a highly placed diplomatic source said Thursday.

Mr. Pérez de Cuellar, in a letter to both governments, proposed a series of provisional measures in order to avoid immediate discussion of sovereignty, the source said.

As well as immediate withdrawal by both sides and ending the blockade, a UN administrator would be sent to govern the islands for a period of time to be agreed upon while both parties negotiate at the United Nations. Britain and Argentina would each send a representative as overseers.

They would not have decision-making powers but would be observers, the source said. This would allow both governments to have a presence on the islands and a first-hand view of their administration.

Meanwhile, the British Defense Ministry confirmed that two Harriers with the task force were missing Thursday.

Defense Ministry spokesman Ian McDonald said the Sea Harriers disappeared from radar screens at noon London time while patrolling in the total exclusion zone around the Falklands.

"In view of the time that has now elapsed, the aircraft must be assumed missing," he said. He said a search and rescue was undertaken for the pilots, and relatives were being told.

The Ministry of Defense also said Thursday that 20 men were now presumed dead in an Argentine missile attack which reduced the destroyer Sheffield to a burning hulk on Tuesday. Earlier figures issued by the ministry had suggested the toll might be as high as 30.

Earlier Mr. McDonald had said the government had "no new reports of military action" off the disputed islands in the South Atlantic.

Eleven European defense ministers meeting in Brussels Thursday issued a condemnation of Argentina's seizure of the Falklands and its failure to comply with the UN resolution.

Air Force 'Unreceptive'
However, Mr. Lehman has said on occasion that he found the Air Force unreceptive to taking over the anti-sub role it seemed to covet years ago, perhaps because it fears it already has fewer planes than it needs.

The Soviet high command has shown no such reluctance to use its long-range bombers to cover American ships. Half of the Soviet Backfire bombers being produced are put on naval duty. The Backfire, when armed with long-range Cruise missiles, is considered by U.S. naval leaders to constitute one of the biggest threats to warships such as carriers and cruisers.

Mr. Lehman has said that the U.S. Navy must pose the same kind of threat to the Soviet fleet. Navy planes armed with Harpoon anti-ship missiles, which have a range of about 60 miles, are seen as the short-term answer. The Tomahawk Cruise missile, which has a longer range, is under development.

Defensively, Navy leaders believe that they will be able to stop an attacking missile with a defensive missile called the Standard or, if that failed, with heavy fire from a battery of Guided guns called the Phalanx.

The threat from "smart" weapons will get worse before it gets better, according to many analysts, giving the edge to the attacker who can fire highly accurate anti-ship missiles from aircraft, ships and submarines.

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Russia Does Not Lead In Chemical Warfare, U.S. Hearing Is Told

By Philip J. Hiltz

Washington Post Service

WASHINGTON — Five experts in chemical warfare have testified that there is no evidence the Russians are ahead of the United States in making or stockpiling chemical weapons and the Reagan administration's push to build new nerve gas weapons could threaten plans to build up conventional forces in Europe.

The experts, all opponents of the new chemical weapons program, opened a two-day hearing before the Senate Appropriations Committee Wednesday, attacking each of the points that the military has used to argue for new chemical weapons.

The Reagan administration is seeking \$54 million in fiscal 1983 to begin production of binary artillery shells, so called because they contain two separate components that form a lethal nerve gas mix after the shell is fired. The binaries are considered safer to handle and store.

Matthew Meselson, a Harvard biochemist and chemical weapons consultant to each administration since President John F. Kennedy, said the United States has enough nerve gas shells to wage war in Europe with regular military campaigns for at least 90 days and to supply all NATO forces as well.

Civilian Casualties — Such shells will cause immense civilian casualties, and he said he does not believe they would be at all effective because the Russians would simply don protective gear. Several witnesses asserted that chemical weapons are no longer considered useful to produce casualties, but merely to force opponents into protective gear.

Julian Perry Robinson of the University of Sussex in England testified that Europeans are already very sensitive to the subject of storing or using American chemical weapons on their soil. A new generation of chemical weapons would inflame European sensitivities even further, he said.

It also would threaten readiness

for conventional war, he continued, because it would "undermine and even in some cases destroy the delicate political compromises which have been reached on upgrading conventional weapons" in Europe.

Sen. Jake Garn, Republican of Utah, who favors the new weapons, disputed the argument that they are needed to replace deteriorating old ones. He said that there had been no accident in 35 years of stockpiling the weapons in his state.

A few internal parts of nerve gas weapons were found to be leaking, he said, but the amounts were so small that if you put a human being inside an outer casing for eight hours with the leak, there would be virtually no harm.

Ready for Shipment

Mr. Meselson said that all the nerve gas shells that would be superseded by the new weapons are now listed in top condition and ready for immediate shipment and use according to the Army's own classification. He said that each new shell would cost \$550, compared with \$20 to \$30 to maintain a current round.

Each witness said there had been no significant safety problem in 35 years of nerve gas storage. Mr. Meselson added that the new binaries would be bulkier to ship and more difficult to assemble than the current rugged, simple shells.

Appropriations Committee Chairman Mark O. Hatfield, Republican of Oregon, also contended that at a time of budget austerity, "producing chemical munitions may mean foregoing other steps aimed at enhancing national security, including other conventional defense priorities."

Also testifying were James F. Leonard, a former senior official in the Arms Control and Disarmament Agency; retired Rear Adm. Thomas D. Davies, former assistant director of the agency; and Saul Hormans, who directed development of the Army's current chemical munitions and protective equipment.



LEAVING TRIAL — John W. Hinckley Sr. and his wife, JoAnn, leave the Washington courthouse where their son is on trial for attempting to assassinate President Reagan. Mrs. Hinckley, who became the lead witness for the defense Thursday, said her son was a friendless drifter who had become increasingly anti-social in recent years.

Foreign Shares in U.S. Farmland Up Sharply to Nearly 1% of Total

Washington Post Service

WASHINGTON — The amount of U.S. agricultural land wholly or partly owned by foreigners increased nearly 63 percent last year, to 12.7 million acres, and is now nearly 1 percent of all privately held farmland, according to the Agriculture Department's annual survey.

The foreign holdings are widely scattered, however, and provide no basis for a common belief that substantial amounts of farmland are being bought by foreigners and taken out of agricultural use, the survey says.

Under the 1978 Agriculture Foreign Investment Disclosure Act, land owned by any corporation of which foreigners hold at least 5 percent must be registered as for-

sign-owned. When Canadian investors acquired a 20-percent share in Scott Paper Co. last year, for example, Scott's 2.1 million acres of timberland in Maine and other states were included in the list of foreign-held acreage. More than half of all the farmland listed by the Agriculture Department as foreign-owned is owned by U.S. corporations of which foreigners hold less than 50 percent, the report says.

According to the annual report, the value of the 12.7 million acres classified as foreign-owned is \$8.45 billion.

Shultz Sent On Economic Trip Abroad

By Hobart Rowen

Washington Post Service

WASHINGTON — President Reagan has sent the former secretary of the Treasury, George P. Shultz, on a personal mission to the other heads of state the president will meet at an economic

meeting in France early next month.

Mr. Shultz was scheduled to travel to Europe "to find out what's on the minds of these leaders" before the president goes to the meeting, according to an official. He will also visit Canada, and may go to Japan, White House spokesman Larry M. Speakes said.

He also will help in the preparation for the president's bilateral visits in Rome, London and Bonn after the meeting, according to a State Department source.

The Bechtel Co. official, who has had a close relationship with some of the other heads of state, is traveling alone, and on what Mr. Speakes described as a "private trip."

State Department officials stressed that Mr. Shultz had not taken over the role of an official "preparer," a task being overseen by the assistant secretary of state, Robert D. Hormats. But they said that Mr. Shultz and Mr. Hormats would work closely together.

Mr. Shultz, once considered by the president for a Cabinet post, is presently chairman of the president's Economic Advisory Board, a panel of outside economic experts.

The meeting will be held June 4-6 in Versailles among the heads of state and government of the United States, Britain, France, Italy, West Germany, Canada and Japan.

U.S. Is Said to Tie Aid to Security

(Continued from Page 1)

redirect the bulk of U.S. aid into bilateral programs for key allies.

While the Reagan administration's 1983 aid proposal of about \$9.5 billion represents an increase of nearly 20 percent over the present level, most of it is intended for a few strategic countries. Within the budget as a whole, the part earmarked as security assistance, which includes \$2 billion in military aid, increased by more than one-third. In addition, the administration has submitted a \$4-billion appropriation to guarantee the financing of arms sales — a form of aid.

Conservative theoreticians in the United States are critical of aid programs designed to transfer resources from richer to poorer countries as a means of stimulating world economic growth, a problem that the Reagan administration addresses by recommending greater involvement by private industry. The State Department document argues that aid should be used to underwrite U.S. diplomacy, which in turn aims at sharply distinguishing friends, who will benefit, from others, who will not.

In the eight-point hierarchy of categories justifying aid, the top bracket covers countries in which aid can directly advance U.S. strategic interests. In effect, this category is tailored for Israel and Egypt — the largest recipients of U.S. aid — and for El Salvador, diplomats said.

The second highest category covers countries deemed friendly to U.S. interests and ready to offer military facilities. The most recent accession to this category is clearly Morocco, which has promised assistance that could benefit U.S. troop movements to the Middle

East. Other obvious beneficiaries include Oman, Somalia, Kenya and Pakistan, as well as some Caribbean nations where the Reagan administration has sought expanded military cooperation.

"In effect, the Reagan administration is abandoning the fiction that aid and base rights are separate issues," a diplomat said. Also affected by this new approach are NATO allies Turkey and Greece, where base negotiations are under way, and Spain, where base negotiations are pending.

The middle range of reasons for U.S. aid covers, essentially, countries whose political institutions are threatened by outside powers, the sources said. This description ties into the Reagan administration's campaign against Communist-backed terrorism in Central and Latin America, Africa and Asia.

Other themes of the aid plan, the sources said, include repelling Soviet influence, helping stabilize countries that provide natural resources imported by the United States, and broadening opportunities for U.S. business to expand its activities and influence in foreign markets.

Traditional Concerns

At the end of the 5,000-word document, the last category of possible justifications for U.S. aid mentions some traditional concerns about global economic development.

Even as a low-level priority, the document said, this consideration should be limited to countries where the injection of U.S. resources could make a critical difference.

As outlined in the document, the thrust of U.S. aid policy runs

counter to the aid philosophies of most Third World countries, oil-exporting donors, European Socialist governments and international aid organizations, which stress long-term economic and social development as the key to international stability.

This view apparently enjoys wide support in U.S. public opinion. Recent U.S. opinion polls, international aid officials said, reveal that most Americans believe the United States is outstandingly generous in helping other countries but has received little of the international popularity that Americans expected in return.

In fact, U.S. aid as a share of per capita national wealth has been declining steadily over the last decade; the United States is now among the least generous industrial countries.

The Reagan administration, while accelerating this trend away from aid, espouses the doctrine to justify the policy. "We have become increasingly self-interested in making aid decisions in recent years, but we cling to a liberal rhetoric," a U.S. official said, adding: "Now we are simply bringing theory into line with practice."

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Polls Find Confusion on N-Freeze

By Adam Clymer

New York Times Service

WASHINGTON — When a new issue catches Washington's politicians by surprise, some of them go to specialists on it to find their bearings and some rely on their instincts. But a lot of them go to poll takers.

When the nuclear freeze issue heated up out of the political landscape like a new mountain range this spring, President Reagan responded instinctively and argued that a freeze was achievable until the United States achieved nuclear parity with the Soviet Union. But a lot of Republicans, including some Reagan aides, went to Richard B. Wirthlin, president of Decision Making Information and the court pollster.

In mid-April, Mr. Wirthlin said, he advised James A. Baker 3d, the White House chief of staff, Michael K. Deaver, the deputy chief of staff, and Edwin Meese 3d, the counselor, that the issue mattered politically, perhaps more than the solution did. He said that while the administration could safely follow Mr. Reagan's instincts on policy, it would "be in deep trouble if it turns its back on the desire to begin reducing nuclear weapons."

The most striking finding he reported was that Americans were less divided over the issue than they were confused. First, in a poll taken in early April, Mr. Wirthlin found that 58 percent of the public agreed with this one-sided proposition:

"A freeze in nuclear weapons should be opposed because it would do nothing to reduce the danger of the thousands of nuclear warheads already in place and would leave the Soviet Union in a position of nuclear superiority."

But an equally unbalanced statement, made several minutes later in the polling interview, produced a statistically equivalent majority of 56 percent on the pro-freeze side:

Reagan to Speak on Arms Control

Washington Post Service

WASHINGTON — President Reagan plans to speak at his alma mater Sunday on arms control issues, and he may outline his administration's approach to a new round of strategic arms limitation talks, White House officials said.

The White House announced Wednesday that an interagency task force working on proposals for the arms-reduction talks had completed its work and forwarded a set of options to the president.

Meanwhile, informed sources said that Mr. Reagan would use the commencement address at Eureka College in Eureka, Ill., to speak on arms control. Whether he will have made final choices on a new negotiating initiative by Sunday is unclear.

The Reagan administration has been sharply divided on how best to assess the destructive power of thermonuclear warheads. But sources said Wednesday that the administration is likely to propose to give up some U.S. warheads if the Russians give up some of their larger weapons.

Carter Calls for New Talks

STOCKHOLM (Reuters) — Former President Jimmy Carter said Thursday that he hoped President Reagan would call for a resumption of East-West talks on reducing strategic nuclear weapons when he visits Europe in June.

Mr. Carter, in Stockholm on a lecture tour, said that the unrattled SALT-2 treaty remained an excellent foundation for a strategic arms freeze.

"A freeze in nuclear weapons should be favored because it would begin a much-needed process to stop everyone in the world from building nuclear weapons now and reduce the possibility of nuclear war in the future."

And 27 percent of the sample agreed with both propositions, for what Mr. Wirthlin calls "the most singular inconsistency on any question we've ever asked."

His conclusion is that this ambiguity only underscores the importance of the issue. He says that any candidate who does not have a reasoned position on the nuclear freeze neglects it at his peril.

Some of Mr. Wirthlin's other questions elicit more opposition to a freeze than do the questions framed by some nonpartisan and Democratic poll takers. But the

variations only serve to reinforce the conclusion that this is an issue about which the public is concerned and confused. According to Peter D. Hart, a leading Democratic pollster, people are "acutely concerned."

Patrick H. Caddell, another poll taker often used by Democrats, stresses to candidates that the economy is 1982's key political issue. But he says the nuclear freeze concept has caused "a firestorm that goes beyond common belief."

Mr. Hart said a poll he recently took in a Southwestern state showed that most people there think the Russians lead the United States in weaponry, but that 60 percent favored immediate arms-reduction negotiations. "The president and the secretary of state make people nervous," he said.

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The Poles Call Again

They waved red flags on May Day in Poland and a caged people roared forth with predictable wrath. The defiant Solidarity marchers were tolerated for a day. When that inspired more provocative challenges, the regime answered with tear gas, arrests, curfews and dead telephones. So much for the "normalization" that was going to yield relaxations of martial law this week.

The aborted show of tolerance was not a function of Poland's domestic order. It was meant to soften up Western bankers as Poland seeks new indulgence for its \$29-billion debt. But as the demonstrations prove again, there will be no social or economic order until the regime negotiates with the elected, still-detained leaders of Solidarity.

The Communists who hoped to rule by force alone have learned in Moscow that no rescue is conceivable without Western aid. Now they have learned in Warsaw that there can be no credible appeal to the West with-

out the people's cooperation. And not only in Warsaw. "It's remarkable," a government official said as the violence spread. "Some of these places are just little towns and haven't had any trouble over the last two years."

A modern nation's productivity cannot be compelled. Only a cooperative Polish people can rescue communism's reputation — and capitalism's loans. And if the Poles are to stomach a decade's austerity, they need political and spiritual rewards.

All this was at first understood by the Reagan administration. But having failed to seize the moment for a major new bargain with the Soviet bloc, it settled for frail sanctions and propaganda. Now the Polish people call again. They have not surrendered the struggle for a more humane order. What they need is measured support for their cause: a resolute "No" to new credits or loan rollovers until Solidarity is reborn.

THE NEW YORK TIMES.

Good Vice Presidents

No one would claim that George Bush and Walter Mondale are the two greatest leaders in American history, but a good case can be made that they are the two most useful vice presidents the country has had. And while some may say that is no great distinction, it represents an achievement that ought to be noticed. The more so since we are beginning to see the articles and cartoons that inevitably appear at this stage of the presidential term, asking, "Whatever happened to Vice President What's-his-name?"

There is a perverse rule in operation here: The usefulness of a vice president seems to vary in inverse proportion to the amount of column inches he gets in newspapers. Mr. Mondale recognized this in his rules for a vice president: Advise the president confidentially and, briefly, don't overpraise the president publicly; insist on access to him, to intelligence information and to key papers, but avoid line authority assignments. These rules almost guarantee a vice president anonymity — but he is the better for it.

George Bush has accepted line responsibilities as head of crisis management, as chairman of the task force on regulatory relief and as coordinator of the South Florida task force. But otherwise he has followed the Mondale formula: The evidence is that Mr. Bush has access to information and to the

president, that he speaks frankly to the president in private and loyally about him in public, and that he performs what are staff duties ably and sensitively. Certainly the vice president struck just the right note, at a time when his actions could not have been contrived, in those awful moments of March 30, 1981.

Why has it taken so long to find good use for the position that its first holder, John Adams, called "the most insignificant office the mind of man has yet contrived"? One reason is that vice presidents grasped for line responsibilities that inevitably got them into quarrels with Cabinet officials and the man who appoints them. Another reason may be that presidents are naturally jealous of those who are designated as their successors, as so many kings of England have been jealous of their princes of Wales.

The evolution of the vice presidency surely owes something to the good character of Presidents Carter and Reagan, and perhaps also to the capacity for principled followship demonstrated by Mr. Mondale and Mr. Bush, who both gained many of their earlier offices by appointment. In any case, these four men have set a bipartisan model. They are owed thanks for transforming what has long been the verminiform appendix of American government into a useful organ.

THE WASHINGTON POST.

Other Opinion

Two Sides of Fleet Street

We do not cut and run because we have been hit. We do not crave a cease-fire because we have suffered a reverse.

—From the Daily Express.

Can we ever rule the skies of the South Atlantic without bombing military airfields on the Argentine mainland?

—From the Daily Mail.

Nothing that has yet occurred in this crisis can justify the accusation against the government that it is seeking a military, and only a military, solution.

—From the Times.

The killing has got to stop. If a settlement can be reached which puts the islands under United Nations trusteeship, then we should welcome it.

—From the Daily Mirror.

What was absurdity only last week — the bombing of the mainland — is openly can-

vassed now. Since the task force sailed — without, then, a very clear Whitehall notion of what it would do on arrival — the theory of military pressure as an aid to settlement has progressively asked more questions than our politicians have been able to address, let alone answer. That dismaying process appears in no way ended.

We may, as some urge, "finish the job" by repossessing Port Stanley at grave cost of life. But the job and the finish are a British definition; not an Argentinian one. Unless we give the extremity of military logic its bizarre head, we have no obvious means of conjuncting reconquest with the "peaceful settlement" we so urgently and openly seek.

There is more than a hope that diplomatic logic, the logic of peaceful ways and means, can at least begin to extricate itself from the unhappy, and monumentally unproven, blend with force.

—From the Guardian.

Letters

Viewing Islam

Regarding the review (IHT, April 22) of Thomas Lippman's "Understanding Islam":

Edward Mortimer endorses without reservation the author's extraordinary statement that one of the reasons for Islam's continued strength and expansion is that it offers "free expression in a world of oppression." In Libya? Under the terror of the Iranian ayatollahs? Among the thousands killed recently by Syria's Assad in Hama? Or perhaps in Iraq's version of the open society?

LONDON. LIONEL BLOCH.

'Force Levels'

Regarding "Merge the Freezers" (IHT, April 28):

Alton Fry's argument for a merger of the freeze proposals is fallacious to the point of being dangerous. He speaks of "overall force levels" being reduced in partnership with the deployment of new strategic weapons. How is a "force level" measured? The new weapons generations are not, as he suggests, more stabilizing.

They are less detectable; verification rapidly becomes a dream. They are more accurate, and now only relevant to plans for a first strike. Many are faster and more evasive in delivery.

Every new weapon deployed by either side makes negotiations more difficult and real security more distant. Mr. Fry seems to accept the much publicized and rarely justified argument of "negotiating from strength."

There will be no reduction as long as we continue to accept the misanthropic doublethink whereby one's own increases are seen as enhancing balanced negotiations while those of the other side are evidence of aggressive intent.

SIMON WILLIS.
Quaker United Nations Office,
Geneva.

Dear Yasin

In response to J.M. Bradley (Letters, March 22): Writing from Bonn, Mr. Bradley calls the Iran "a terrorist gang, one of whose notable accomplishments was the massacre of 250 men, women and children in the Arab village of Dear Yasin." If it is a notable

accomplishment, it is only thus in the eyes of Mr. Bradley.

Most Jews deplored the act at the time, and still do. As prime minister, David Ben-Gurion (not an Iranian member) sent a letter of apology to the king of Jordan. Even though the killings occurred during a search for Arab terrorists who were attacking Jewish settlements, most Jews and Israelis consider Dear Yasin a tragic and unnecessary episode.

As for the Iran, although it committed some acts of which we are not proud, we also remember that they were fighting for land on which they could live freely as Jews, and not in fear of mass destruction, as I'm sure some in Germany would want to forget.

FRED STERN.
Carmarthen, Wales.

Jewish Dignity

Regarding "When Israel Disappears" (IHT, April 28): Stanley Karnow needs realize that the Jewish people needs dignity, like any other people, and not merely "Arab tolerance" and "American support."

G. FRANCO.
Brussels.

'We Have Today a New Middle East'

By Tahseen M. Basheer

The writer is Egypt's ambassador to Canada.

OTTAWA — The tragic confrontation between Zionists and Palestinians created a political vicious circle that lasted from 1948, when Israel was created, until April 25, when peace between Egypt and Israel was fulfilled. One should feel a guarded joy at this great achievement. What seemed impossible until just a few years ago was accomplished with good will and diligent efforts.

It offers a model to be emulated regarding the other dimensions of this conflict. The guarded feeling, however, reflects a sensitivity to the task that lies ahead — the reconciliation between Palestinians and Israelis, which constitutes the core of the problem.

Both sides of this conflict, Jews and Arabs in Palestine, have their own reservoirs of historical injustice that scar their psyches with deep wounds. Any new strings awaken consciousness of these wounds. Each side holds in its closest skeletons of fears and frustrations. Each side uses this politically to justify and excuse its present predicament.

Neither side believes it can do any wrong on account of these excuses and justifications. Each refuses to see the reality of the other, with all its complexity, preferring to conjure up a caricature that is both impersonal and inhuman.

Thus, each becomes even more deeply en-

trenched in its political dugout. The late Prof. J.F. Talmon of the Hebrew University in Jerusalem described the conflict as "an irresistible force and an immovable wall." Behind these walls, each side took refuge while throwing stones at the other.

The late President Anwar Sadat's visit to Jerusalem made these walls crumble, and the Middle East will never be the same. But as in all acts of demolition, the crumbling was neither orderly nor symmetrical.

The challenge of the new construction that is now needed requires solid and equitable foundations in order to bring a structure of harmony to the prevailing chaos. We face today a unique opportunity to find ways of proceeding in building this new structure.

The majority of Arabs and Israelis support a secure and meaningful peace, no matter what the extremists and the zealots say, because the mainstream on both sides want to make their present and their future better than their recent past. Both face dilemmas, and each must confront his own.

The Israelis cannot wish the Palestinians off the map. And they cannot continue to be

occupiers — that was not their dream when they created the state of Israel.

The Palestinians have to face their own dilemma — they cannot have their country as it was in 1914. All they can hope to do is to create in one-fifth of its territory a political structure that can fulfill their political and human aspirations. Each side also faces a tactical dilemma: each is represented by a fragile coalition made up of small factions that can upset the coalition at will. Each side also tries to avoid facing its dilemma because that requires making a decision — that is, to turn the enemy into a neighbor and the neighbor possibly into a friend.

With all the sounds of doom and gloom, of pending invasion and explosions, we have today a new Middle East where the positive forces of reconciliation have thus far defeated the forces of rejection and negativism.

Peace is here to stay, because it represents the real interest of the majority of Arabs and Israelis. For the time being, a moment of joy is well earned. At the same time, a creative resolve to settle this problem without delay is a must. The walls of hatred have crumbled. Now the task is to bring about mutual acceptance and cooperation. This is a great historical opportunity.

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Detecting A Signal In Havana

By Anthony Lewis

WASHINGTON — With all the drama in Latin America these last weeks, relatively little attention has been paid to a development of potentially deep significance. That is the signal by the Cuban government that it is ready "to seek a relative accommodation" with the United States, based on "mutual restraint."

Those phrases were used by a senior Cuban official, speaking last month with a visiting group of U.S. foreign policy experts. By all signs his comments were a calculated Cuban move to engage the United States in talks on the broad range of issues involved in the tension between the two countries.

The overture was to be expected with stony silence from the Reagan administration, or worse. Officials brushed off what was said at the meeting as propaganda, and shortly afterward they imposed new restrictions on travel to Cuba. Yet there are reasons to believe that the overture deserved a serious response — and may still get it.

Ten Americans, ranging in outlook from liberal to notably hawkish, went to the meeting in Havana. I talked with several and found them agreed that the occasion was of real interest and Washington would be wise to respond.

Prof. Seweryn Bialer of Columbia, a leading expert on the Soviet Union, organized the group of Americans. He and another participant, Prof. Alfred Stepan of Yale, a Latin American specialist, describe the experience in detail in the issue of The New York Review of Books dated May 27.

The Americans met high Cuban government and party officials, a well-informed and sophisticated group. The highest was Carlos Rafael Rodriguez, vice president, deputy premier and a member of the party Politburo.

The Cubans came across as intensely nationalistic and dedicated to the revolutionary idea. They said they would not be moved by threats, and they made no secret of their animosity toward the United States. Yet they also conveyed a sense of vulnerability, an expectation of hard times ahead.

They were anxious about the general breakdown of détente, Bialer and Stepan say, and the tough Reagan rhetoric directed at Cuba. And they were concerned about growing economic pressures on Cuba and the Soviet Union.

Accordingly, they said they wanted to talk about mutual accommodation. They said Cuba had a right to arm other revolutionaries — but was not exercising that right in El Salvador now and in fact had not sent any arms there for more than a year. They tried to impress on the visitors, as Bialer and Stepan put it, an understanding that "even revolutionary politics is the art of the possible."

El Salvador was the subject of an intriguing comment by the senior Cuban official. He said Cuba would accept an international peacekeeping force in El Salvador, including troops from such countries as France, Mexico and West Germany, to maintain a cease-fire, control arms imports and supervise new elections.

The Cubans discussed their relations with the Soviet Union. While declaring themselves loyal friends, they stated out independent positions on such issues as Afghanistan and Poland. Bialer and Stepan say the Cubans expressed their differences "more frankly than the officials of any East European country, with the exception of Yugoslavia, are willing to do."

Should we believe all that? It may be true, and it may not. But there is a way for the United States to find out without exploring it in talks with the Cubans. We can simply skeptical, even warning the Cubans that there must be real restraint on their part and that talks cannot be a delaying tactic. But the United States has its own self-interest reasons for exploring the possibility of some accommodation with Cuba. To do so would greatly help the United States' position with the country that matters most to it in the region, Mexico. And it just might offer a way out of the deepening dilemma in El Salvador.

Why has the Reagan administration been so curt in dismissing the Cuban overture? Cuba is of course a highly sensitive subject on the political right in the United States. It may also be that the idea of talking seriously with the Cubans is anathema to those in the administration who still believe — dangerously, in my view — that the El Salvador problem can be solved by military victory. That would explain the effort to prevent even public discussion of the Cuban signal, lest it weaken congressional support for military aid.

Secretary of State Haig said last week that the United States should negotiate with the Soviet Union because change taking place there "may make Moscow more amenable to the virtues of restraint." It would be anomalous to reject a similar possibility in Cuba without even exploring it. And the chance to explore it may be brief.

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Republican Talk

A Quiet Governor Worries About Jobs, Re-election

By David S. Broder

SALEM, Ore. — Gov. Victor Atiyeh, 59, is a quiet man. He served inconspicuously in the state legislature for almost two decades before moving to the governor's office on his second try in 1978. His first term has been anything but flashy. His critics call him a "caretaker" governor.

He does not seek out controversy. In this sense, he is outside the Oregon tradition. The late Sen. Wayne Morse scolded fellow Democrat Lyndon Johnson on Vietnam. Sen. Mark O. Hatfield, also a Republican, is leading the drive to curb Ronald Reagan's defense spending and push the administration into arms reduction talks.

Republican Atiyeh, by contrast, normally does not make waves. But he is running for re-election as a moderate conservative in a year when unemployment in Oregon rose to 11.4 percent in March, making the highest it has been in the 35 years since unemployment records have been kept.

So, on March 25, the quiet governor released to the press a letter he had written to President Reagan. "I write to you greatly disturbed and saddened," its opening sentence said. "When you took office, Americans had high hopes that this nation's terrible mess would be corrected... We have been patient. Some of us have been se-

verely criticized for recommending that patience."

"We recognize," Atiyeh continued, "that inflation has been lowered dramatically. However, the overriding, overwhelming need of Oregonians has not been met. Instead we are being punished by high interest rates. And the state to that in Oregon is awe-some unemployment."

"The villain of this effect is your proposed federal deficit. I cannot allow this to happen without speaking out for those 162,000 Oregonians without work... or those who tremble at the thought they may be next. We are now impatient, especially when the solution is so well known — a controlled federal deficit which would lead to lower interest rates... I found it incredible when you recommended a budget so out of balance that it surprised and shocked even your strongest supporters and three freezing cold water on the money market."

In an interview last weekend, Atiyeh said he had received no formal response from Reagan. Six weeks later, there is still no genuine move under way in Washington to curb the ever-growing deficit. "I don't know what we have to do to rattle their cages," At-

yeh said. "I wish they could see what is happening here."

What is happening is a tragedy. Oregon is as green and beautiful as ever this spring, but there is a climate of fear that seems alien to the setting. The Portland Oregonian ran a weeklong series of articles last month on the plight of the jobless and dispossessed, calling it "Sorrowful Spring." The response to the dramatic stories and the photographs of divided families and those futilely searching for work was the heaviest the paper has received in recent years.

A meeting Saturday in Eugene of the Oregon Psychological Conference heard statements that mental depression, accompanied often by threats of suicide, has caused a sharp jump in the number of people seeking help at mental health centers. In Coos Bay, a particular hard hit lumber town, where the center, youngsters have been arrested for breaking into homes and stealing peanut butter.

After a decade of worrying how to preserve its environment in the face of rapid economic growth, the state now faces a stagnant or declining population, because of the crippling of housing and the timber industry. The legislature has had special sessions in each of the

last two years to cut the budget and boost emergency taxes to support vital services. "We're like a violin string that has been tightened and tightened again; we're about to snap," Atiyeh said.

From the perspective of Salem, the finger-pointing between Reagan and congressional Democrats is hard to take. "When the president says we have to follow his path," Atiyeh said, "I have to tell you, I don't understand any more what his path is. I think the theory of stimulating the economy by tax cuts is a good one. But as long as his actions hold up the interest rates, his theory can't work. Any policy requires timing, but I don't see him being flexible at all on the timing of his actions."

"Look," Atiyeh said, "no one is going to get away scot-free in this situation. People accuse me of worrying about my own political survival. I'd like to get re-elected, sure, but I know that whatever happens, Oregon is going to face very hard times at least for the rest of this year."

"I'm speaking out because people are desperate for jobs," he said. "If those people back in Washington are worried about their political tails, they'd better do something. Marking time is not an option any more."

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The Foreign Policy View From Dodge City, Kansas

By Stephen Klaidman

WASHINGTON — Pat Roberts is from Dodge City in the flat vastness of western Kansas, a place which evokes the historic West of gunfights, gamblers and cattle rustlers. Spurs hang on his office wall. He speaks with an authentically American voice.

An ex-Marine, Roberts is a Republican freshman who represents the 450,000 people of western Kansas in the United States Congress. Inside the 57 counties of the first congressional district his voice resounds, but outside there is hardly an echo. A check of The Washington Post library showed no clippings under Roberts' name.

Yet Roberts represents a strain in America that made the Reagan presidency possible. The following are his views on a variety of subjects relating to foreign policy.

• **The grain embargo.** "If there's one issue that is a real blood pressure issue for me, it's that one. The embargo punished the Russians by making them buy from Argentina, Canada and Australia. If you want to play hardball... we can shut off their credit. They're broke."

• **The plight of U.S. farmers.** "When you see The New York Times and The Washington Post paying attention to Kansas, you know we're in trouble. I think it's the worst situation we've seen since the Great Depression."

• **Defense spending.** "At the courthouse [when he tours his dis-

trict] they're going to say, how much is enough on defense? The farmer is very worried about that. The small businessman is very worried about that because interest rates are so high and he perceives, rightly so, I think, that the budget has to come down, and he's very worried about the farm price thing and he says, 'Hey, we're spending all this money on defense. How much is enough?'"

Roberts opposes the MX missile and has his doubts about the B-1 bomber. He favors a conventional buildup, but as far as U.S. forces in Europe are concerned, he said, "If you put that to a vote out in my district, you'd get about an 80-20 vote to bring them home."

• **The military draft.** "It's like to see us move to a selective service system where everybody goes, where there is some form of alternative service. I'm very worried about a professional military, that's 22-percent made up of minorities. I think we have a better military when people from all walks of life go into it."

• **Trade.** "The EEC and Japan, rightly or wrongly, are perceived as going down a one-way street with trade, and the hardship we're suffering now is somewhat of a new experience for this country. If we came up right now that was a protectionist measure to teach the Japanese, the EEC a lesson, it

would pass by 200 votes in the Congress of the United States. I think it would be very counterproductive in the long run, but that's where the blood pressure is."

• **Nuclear freeze.** Roberts says there is some sympathy in his district for a freeze, but he doesn't know exactly how much. "I think there is a great concern and sense of frustration [about] how much is enough and how much becomes totally absurd. It cannot be in our national interest and in [the Soviet] national interest to continue to go down this road."

• **Secretary of State Haig.** "He's viewed as the chief architect of using food as a foreign policy weapon."

on, and he scares people. He is the general in the position of being secretary of state. I for one have been urging him to take off the secretary of agriculture's hat and stick in his own pasture. I think he has done that now. He is a military man who scares a lot of people. I think people would rather see a diplomat in that position."

• **The Western Alliance.** "I think if you asked [people in his district] about the Western Alliance, they might think it was a new athletic conference somewhere."

• **The Falklands crisis.** Let me say that if there's any ship sunk, we sent a message to [Prime Minister] Thatcher to make sure that it holds some wheat."

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May 7: From Our Pages of 75 and 50 Years Ago

1907: Actress Ellen Terry Weds

NEW YORK — Mr. James Carew, leading man in Miss Ellen Terry's company, has announced that he was married to that actress at Pittsburgh on March 22 last. The ceremony, performed by a justice of the peace, was attended by Miss Edith Craig, Miss Terry's daughter. Her son, Mr. Gordon Craig, who is in Italy, was notified by cable. The members of the company were kept in ignorance of the event. Mr. Carew, a native of Indiana, is a handsome robust man, 6 feet in height and 32 years of age. He says his wife will not abandon the stage. "I first fell in love with Miss Terry's art," he remarked, "and then with her."

1932: Fanatic Kills President

PARIS — Paul Doumer, 13th president of the Third Republic, has been shot and mortally wounded by Paul Gorguloff, a White Russian political fanatic. Police said after long grilling of the demented attacker that Gorguloff was scheming to force French declaration of war on the Soviet Union and so prevent Paris-Moscow cooperation. "I didn't wish to harm poor Doumer, but I saw France preparing to work with Russia and I wanted to oblige France to declare war," Gorguloff, battered and weary, said in a statement at the prefecture. "I love Hitler and Mussolini immensely," he said.

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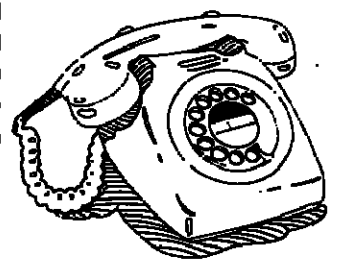
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U.S. Is Seen as Abandoning Leading Environmental Role

By Philip Shabecoff
New York Times Service

WASHINGTON — With the second United Nations conference on the world environment due to meet in Nairobi on Monday, there is growing concern among environmental groups in the United States and elsewhere that the United States is abandoning its role as the leader of the international effort to protect the environment.

At the first UN Conference on the Human Environment in Stockholm 10 years ago, the United States was in the forefront in recognizing and acting on man-made threats to land, air and water.

When the UN Environmental Program was created as a result of the Stockholm meeting, the United States became the program's major source of financial support and one of its chief technical, political and moral bulwarks.

Now, however, the Reagan administration is perceived as a result of environmentalists and some UN officials as being in retreat on both domestic and international environmental commitments.

They point first to the reduced U.S. contribution to the UN program. The United States had been

providing \$10 million a year, or about 40 percent of the agency's total financing. When President Reagan took office, however, the Office of Management and Budget recommended that no money be provided.

At the urging of James L. Buckley, undersecretary of state for security assistance, who was a member of the U.S. delegation in Stockholm, Mr. Reagan budgeted \$2 million for the environmental program. Congress eventually appropriated \$7.85 million, but administration officials say they are seeking to lower that amount.

No Final Decision

Since Mr. Reagan took office, environmentalists have also seen the administration decide to reduce sharply the budget for the U.S. Environmental Protection Agency, relax anti-pollution rules and accelerate development of energy and minerals on public lands.

Mr. Buckley insisted recently that the perception that the United States was in retreat on environmental issues was wrong. "Our role in Nairobi," he said, "will be to continue the leadership that the United States has exercised over the past 10 years."

He said the Reagan administration had made no final decision on a contribution to the UN program next year.

But he said, "There is a feeling now that there should be a better burden sharing internationally. And our No. 2 concern is that UNEP not be converted into an agency for disbursing funds as opposed to a catalyst that identifies problems and coordinates efforts to solve them."

U.S. 'Retreating'

Mr. Buckley said an increase in direct assistance for environmentally oriented projects in recent years through the Agency for International Development significantly underscores the continued U.S. interest in those issues.

As for the charges of dwindling concern for the domestic environment, Mr. Buckley said: "What we are doing is changing methodology rather than retreating from environmental goals. There has been excessive regulation. We are now assessing the costs of that regulation and other strategies."

But Mustafa K. Tolba, executive director of the UN Environmental Program, said in a recent visit to

Washington that "the talk outside the United States is that you are retreating from your original commitment."

Mr. Tolba, an Egyptian microbiologist, said such a perception could have a snowballing effect on other countries, particularly with regard to their contributions.

Rep. Don L. Bonker, chairman of the House subcommittee on human rights and international organizations, which recently held a series of hearings on international environmental issues, said Richard Funkhauser, the Environmental Protection Agency's director of international activities, "appeared hostile to the United States commitment to international environmental activities" when he testified before the committee.

Mr. Funkhauser is scheduled to accompany Anne M. Gorsuch, administrator of the agency, to the meeting in Nairobi, where she, Mr. Buckley and Alan Hill, chairman of the White House's Council on Environmental Quality, will be leaders of the delegation.

With less than a week to go before the conference opens, the United States still did not have an approved official position. The delegation was scheduled to meet Thursday before leaving for Kenya.

Some administration officials concede that the United States is likely to be on the defensive in Nairobi, particularly on issues involving economic disparities between the industrialized countries and developing nations. Mr. Buckley said that the United States did not believe the UN conference was the proper forum for such issues and that the United States would try to contain them.



Sir Dawda K. Jawara

President Re-elected In Gambia

The Associated Press

BANJUL, Gambia — Sir Dawda K. Jawara was re-elected president of Gambia on Thursday by a landslide vote generally regarded as an endorsement of Gambia's confederation with Senegal.

The Senegambian confederation went into effect Feb. 1, prompted by an attempted coup last July 30 which was put down by troops from neighboring Senegal. Sir Dawda was in London for the wedding of Prince Charles at the time of the coup attempt.

Sir Dawda, 58, who has led Gambia since independence from Britain on Feb. 18, 1965, received 72.4 percent of the vote and his People's Progressive Party won 27 of the 35 parliamentary seats, an increase of two.

His opponent, Sheriff Mustapha Dibia, who ran his campaign from jail where he is being held in connection with the failed coup, received 27.6 percent of the vote. His National Convention Party lost two of the five seats it held in parliament. The remaining five seats went to independents.

Mr. Dibia was allowed to run for office pending his May 17 trial for treason.

No vote totals were available for the election, the first in which the president was chosen by direct universal suffrage.

There are still 500 Senegalese troops in Gambia reportedly training the Gambia police force. Gambia has no army.

Businessmen in Banjul reportedly opposed the confederation, which is intended mainly to be a customs and monetary union. Both countries retain their sovereignty and seats at the United Nations.

Before the union, over 70 percent of goods imported into Gambia, which has very low duties, were smuggled out of the country into Senegal. When the customs and monetary union goes into effect, all duties will be at the Senegalese level, depriving Gambian businessmen of their principal, if illegal, source of revenue.

Congress Units Rebuff Watt On Extension of Species Act

By Dale Russakoff
Washington Post Service

WASHINGTON — House and Senate panels have voted to extend the Endangered Species Act for three years, rebuffing Interior Secretary James G. Watt's campaign to have it extended for one year only.

The measures would also force Mr. Watt to speed up the addition of species to the list, a process virtually stalled since he took office.

The House Merchant Marine and Fisheries Committee voted unanimously Wednesday to extend the 1973 act, best known for holding up the \$120-million Tellico Dam in Tennessee as a threat to the tiny snail darter. A subcommittee of the Senate Environment and Public Works Committee sent a similar measure to the full committee, which is to vote on it next Tuesday.

222 Animals, 61 Plants

"This is an issue that people care about, deeply. It is an issue that goes beyond narrow special interests," said Sen. John H. Chafee, Republican of Rhode Island, chairman of the Senate panel and sponsor of its bill. "We are seeking to preserve the diversity of life and slow the accelerating rate of species loss."

The 1973 act is designed to protect rare flowers and animals, particularly when threatened by development projects. Industry and federal agencies must obtain exemptions from the Interior Department's Fish and Wildlife

Service to proceed with projects that threaten the survival of 222 animals and 61 plants on the endangered list.

The act has been heatedly opposed by industries ranging from utilities to furriers and mining companies. It is just as fervently defended by conservation groups, which point to increasing extinction rates among plants and animals, comparing the process to "burning books before you've read them."

Amendments added by both the House and Senate panels are designed to speed both the addition of species to the endangered list and the process of granting exemptions to industry. Industry lobbyists called the provisions workable and conservation groups voiced qualified praise, a consensus few expected during months of stormy debate.

Both the House and Senate bills are aimed at reversing Mr. Watt's policy of considering the economic costs of adding a species to the list instead of weighing only biological evidence. Mr. Watt defends his policy by referring to President Reagan's executive order requiring cost-benefit analysis of all new federal regulations.

Both bills say that the Interior Department must consider "solely" biological criteria in adding a species to the endangered list. A committee staffer said the House panel will "flush its report profusely with language explaining this meaning so it is not misinterpreted."



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Cal Tjader, U.S. Star On Vibraphone, Dies

Los Angeles Times Service

MANILA — Cal Tjader, 56, a jazz vibraphonist whose easy Latin and Afro-Cuban style kept him popular through three decades, died of a heart attack here Wednesday. He had just arrived in the Philippines to appear in three concerts.

Mr. Tjader, a Swedish-American whose parents were vaudevillians, was born in St. Louis. He began

fortune and the nation's No. 1 glamour girl as a 1938 debutante, died Monday.

She once was engaged to Howard Hughes, she dated Douglas Fairbanks Jr., she was a regular at Manhattan's Stork Club, the golden girl of cafe society and she was on the cover of Life magazine.

She was the heiress to a reported \$4.5-million grain fortune. Her father, Frank Duff Frazier, divorced her mother, who later became Mrs. Frederick Watrous, when she was still a child. Her "coming out party" at New York's Ritz-Carlton was one of the social events of the era.

OBITUARIES

his musical career when he met jazz pianist Dave Brubeck while studying at San Francisco State College after World War II.

He played drums for Brubeck's group, but occasionally stepped out in front to solo on the vibraphone. In 1953, Mr. Tjader joined the George Shearing group and that took him to New York, where he eventually formed his own group.

One of his better known recordings was the 1964 single "Soul Sauce." An album, "La Onda Va Bien," won a Grammy for the best Latin recording of 1980. He received a Grammy nomination this year for "Gozamel Pero Ya."

Helmut Dantine
HOLLYWOOD (UPI) — Helmut Dantine, 65, best known for his portrayal of handsome, arrogant Nazis in World War II films, has died of a heart attack at his home in Beverly Hills, family friends announced Wednesday.

The Austrian-born actor's first movie role was in "International Squadron," which starred Ronald Reagan, in 1941. The final film of his career, which spanned 40 years and included more than two dozen credits as actor, director or producer, was last year in Bo Derek's "Tarzan the Ape Man."

Mr. Dantine's best-known World War II films included "Mrs. Miniver," "Casablanca," "Mission To Moscow" and "Passage to

Gen. Walther Wenck
HAMBURG, West Germany (UPI) — Gen. Walther Wenck, 81, who commanded one of the last remnants of Hitler's forces in the dying days of the Third Reich, has died.

Gen. Wenck was commander of what is called the "phantom army," which existed only in Hitler's imagination. Even as Hitler, from his chancellery bunker, with Soviet troops only a few blocks away, ordered Gen. Wenck to counterattack, the general was retreating westward with what remained of his 12th Army, mostly boys under 18 and men over 50, in the hope of being captured by the British or Americans. In the event, he was captured by the Americans.

Oliver H.P. Rodman
BROOKLINE, Mass. (AP) — Oliver H.P. Rodman, 77, a sports magazine writer and publisher, has died.

Mr. Rodman was the publisher of Outdoors magazine, Open Road for Boys and Child Life magazines. He also was co-founder of Saltwater Sportsman and wrote many articles for other sports and outdoor magazines. He wrote four books on fishing.

Francis A. Cox
NEW YORK (NYT) — Francis A. Cox, 68, former vice president and chief financial officer of The New York Times Co., died Wednesday.

Brenda Duff Frazier
NEWTON, Mass. (UPI) — Brenda Duff Frazier Kelly Chatfield-Taylor, 60, heiress to a grain

Lord Janner
LONDON (AP) — Baron Janner, 89, who served four decades in the House of Commons, died Wednesday. Lord Janner, a Labor Party member, represented the city of Leicester for most of his tenure in Commons.

Moscow Rebuffs Critics, Says Vietnam Workers In Russia Are Trainees

By John F. Burns
New York Times Service

MOSCOW — After months of rumors about plane loads of Vietnamese being transported to Soviet factories to work off Hanoi's debt to Moscow, the Soviet authorities have offered an account of the program designed to silence "slanders in the bourgeois press" who made an issue of it.

Taken at face value, the account in the government newspaper Izvestia was a rebuff to anyone imputing other than altruistic motives to the Soviet Union. It said 7,000 Vietnamese students, aged 17 to 35, had arrived for training in about 50 trades under a year-old agreement that provided for them to remain for a year, earning regular Soviet wages.

Far from being assigned to northern Siberia and other inhospitable areas, as some Western reports have suggested, Izvestia said that the Vietnamese, whose homeland is in the tropics, were working in "regions with the most suitable climate for them." It named cities across the southern tier of the Soviet Union, from Astrakhan on the Caspian Sea to the Altai area of south Siberia.

Izvestia said the Vietnamese had "all rights and freedoms provided by Soviet law," a situation that the newspaper contrasted with "the lack of rights and oppression" facing foreign workers in capitalist countries. The Vietnamese, the paper said, get free textbooks and other study materials, "are given well-appointed housing" alongside Soviet workers and have their return fare to Vietnam paid by the Soviet authorities.

Training Aspect

The Tass article also seemed less emphatic about the training aspect of the program. It said only the Vietnamese were "sent mainly for training and work," implying that some might be coming for work only. Tass also went beyond Izvestia in offering examples of the projects to which the Vietnamese were assigned — chemical, textile and machine-building plants, and irrigation and land-reclamation projects.

The Izvestia article glossed over at least one other aspect of the program that suggested that the work element weighed as importantly as the need for training. The Tass article, quoting Leonid A. Kostin, a first deputy chairman of the government's State Committee for Labor and Social Affairs, said the program provided for a "turnover" of up to five years for the Vietnamese, one year in training and the other four at work.

At its present level, the program seems unlikely to make a significant impact on either the Vietnamese debt, if that is a factor, or the shortage of skilled labor in the industry. But Western diplomats note that, for Vietnam, the program may constitute the only prospect at present of repaying its massive portion of the Soviet loans.

Response to Reports

"The whole of this training of highly skilled workers is connected with and stems from the interests of the economic advance of the Socialist Republic of Vietnam," the paper said.

The piece was presented as a response to reports in the Western press. However, the Soviet account lost some of its impact for the fact that it was long delayed. Newspapers in the West have been carrying reports for several months suggesting that the Vietnamese were being used to help retire their government's debt to the Soviet Union.

Izvestia said the Soviet Union had written off Vietnam's debts after the Vietnam War, but it made no reference to debts that have accumulated since 1975 for military and economic aid, estimated at more than \$3 billion.

The article left open the possibility that retirement of the debt was part of the arrangement under which the Vietnamese are working in the Soviet Union. One account circulating here in recent weeks was that the Soviet authorities, while paying the Vietnamese at Soviet wage rates, were retaining a

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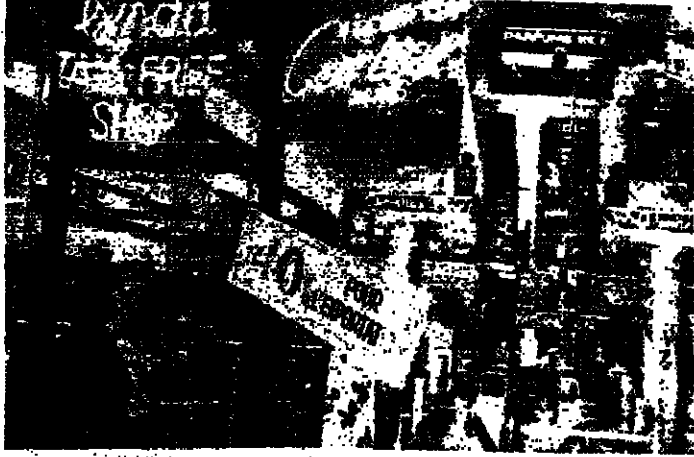
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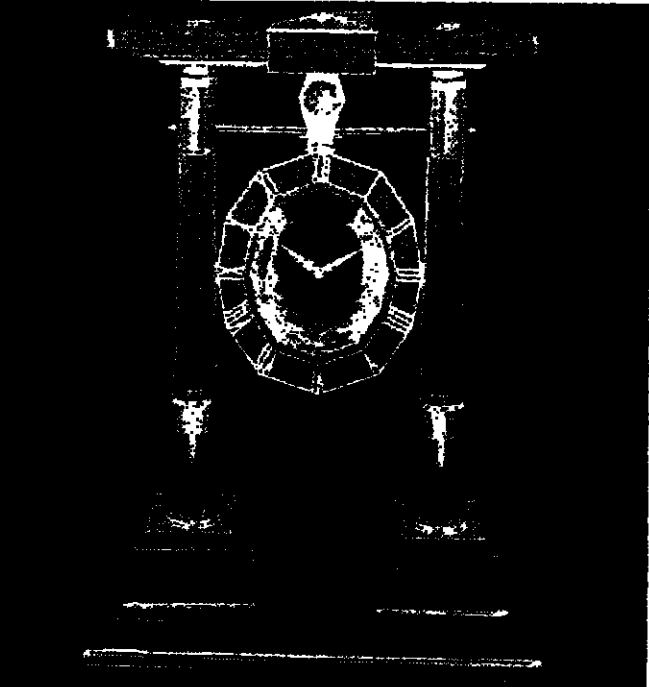


Luxury exports: Ahead of the steel industry.



Dior: For stylish sportsmen.

YSL: Spring fever.



Cartier: 'Mystery Clock' makes time more precious.

FRENCH LUXURY PRODUCTS

INTERNATIONAL
Herald Tribune
Published in the New York Times and The Washington Post
MAY, 1982

By Ian M. Gummer

FOR MOST of the past decade the world has been reeling from the effects of an economic crisis that has brought some industries to their knees, but the recession has scarcely touched one sector of French industry — the "top-of-the-market" luxury goods.

Every year a handful of foreign visitors to France board planes at Paris airports carrying their purchases of jewels, perfume, clothing and other high-priced articles worth a minimum of 150,000 francs, or about \$25,000, per person.

For the year 1979, according to the latest figures provided by French customs officials, these purchases numbered only 327 — out of millions of visitors. But their spending represented 16 percent of the tax-deductible luxury items bought by foreigners in the sophisticated boutiques of the Place Vendôme, the rue de la Paix, the rue du Faubourg St. Honoré, the avenue Montaigne and the other streets in Paris where the highest quality is available to the privileged few.

In 1979, nontaxed luxury items worth 2.6 billion francs were carried away via the three Paris airports, up from 1.2 billion francs in 1977. Many of the purchases valued at 150,000 francs or more consisted of jewelry, and customs officials say that wealthy families from the Middle East oil-exporting countries were prominent buyers.

The figures for these so-called "invisible" exports are not included in accounting provided by the National Confederation of Artistic Industries and Crafts, Fashion and Creation. The confederation comprises all sectors of the luxury goods industry: Jewelry, haute couture and other clothing, perfume, cosmetics, leather goods, porcelain, glass, tableware and many others, an exception being gourmet foods.

Pre-tax turnover of French luxury goods, including exports, totaled 45 billion francs in 1981, up from 44.3 billion francs in 1980 and from 34.4 billion francs in 1978. Nearly one-quarter of the total for 1981 were exports, at over 12 billion francs, up from 10.3 billion francs in 1979 and 8.9 billion francs in 1978.

The most important sector by far was perfume and cosmetics, with total production in 1980 of 11.8 billion francs, more than 3.7 billion of which represented exports. The main markets for these products were West Germany, which took 14 percent of the exports, Italy with 9 percent and the United States, Britain and Belgium-Luxembourg, each with about 7 percent. Japan and the Soviet Union were at the bottom of the list with 2.8 percent and 2.5 percent.

With more than 10,000 companies employing about 200,000 workers, the production of luxury goods is big business in France.

And yet for many years successive governments tended to disdain the industry, taking notice of it mainly to impose heavy taxes. According to Jacques Mouclier, executive president of the fashion trades federation, the authorities finally realized that rather than being small, artisanal affairs, the luxury goods companies "were important for the balance of trade."

Mr. Mouclier said that "the steel industry contributes about 25 billion francs to the trade balance while the luxury goods industry provides 45 billion francs."

Noting a change in the official attitude, Mr. Mouclier said: "About six years ago I decided to breathe new life into the Confederation of Artistic Industries and Crafts, Fashion and

(Continued on Page 9S)



Givenchy: Hats on to spring and summer.



Lalique: Vase with bacchantes.



The tourist trade: Big business at Roissy airport.

EXPORTS Colbert Committee boosts prestige products

THE crème de la crème of the French luxury goods industry, an elite list of internationally known household names even though few people can afford their product, is to be found in Paris under the name of a man born in 1619.

With a total of 51 companies, the Colbert Committee, or trade group, was created in 1954 to protect the interests and promote the development of France's most prestigious industrial sector — luxury products such as jewelry, perfume, furs, haute couture, leather goods, luggage, glassware and porcelain.

The expansion of trade in general and especially of exports was the principal concern of the trade group, and it was this that inspired the founders of the Colbert Committee to adopt the name of Jean-Baptiste Colbert. Monsieur Colbert was finance minister and secretary of state under Louis XIV, and was one of the first European statesmen to understand the importance of increased trade, both nationally and internationally.

Colbert promoted the development of the East India Company and the French settlement in Canada, and his name became synonymous with trade expansion.

Representative names of members of the Colbert Committee reveal a blue-ribbon list running from Baccarat, Balmain, Chanel and Dior through Guerlain, Hermès, Lanvin and Moët & Chandon to Saint-Louis, Van Cleef & Arpels and Vuitton.

The trade group is small enough that company presidents telephone each other on a first-name basis. For Jean-Louis Dumas-Hermès, vice-president of the committee, the group is a forum. "I prefer the word forum," he said. "This forum allows us to get together like a club of old classmates."

Members of the Colbert "club" dislike the word "luxury" as a description of their products. Mr. Dumas-Hermès said, "high-quality" is better. "We are talking about civilization and culture," he said. "Let me be poetic for a moment, because there is a poetry to be found in the names of the crafts

that are represented by the names of the members of the committee — jeweler, goldsmith, leatherworker, tailor, dressmaker, finisher, embroiderer, carver, bagmaker, or glass-maker."

Poetry aside, it remains true that tradition — many of the companies in the group were founded in the 19th century and some in the 18th — and craftsmanship result in goods that require a purchaser to have a well-furnished bank account in order to pay for a quality that is in fact a luxury.

This luxury is produced today in France and Italy. "Europe, as a whole, has for centuries produced high-quality goods of great creativity stamped with the style of the country of origin," Mr. Dumas-Hermès noted, "but what essentially remains in Europe in this field is produced in France and Italy."

France has been slow to respond to Italian competition. The United States, Mr. Dumas-Hermès said, has developed its own range of high-quality goods but has always been attracted by the "European sex appeal" or the European "quality appeal."

"The Italians responded to this with great imagination in publicity for their products and with mobility for their production methods; the French have had a weak sense of public relations and an unwillingness to grant production licenses," according to Mr. Dumas-Hermès.

He noted, however, that while 100 years ago many of the French companies that are still producing luxury products were in competition with as many firms in Britain, today "there isn't a single competitor in Britain."

French producers have tended to lack mobility but have main-

tained an ability to bounce back. "Societies have worshipped the 'plastic' god or the 'technology god,'" Mr. Dumas-Hermès said, but "sooner or later the realization returns that the traditional craftsmanship and the high-quality of handmade products is a missing element."

To become a member of this exclusive club, a company must produce high-quality, handmade goods with a high percentage of export sales. The 51 houses in the trade group showed a turnover of more than 6 billion francs in 1980, with exports amounting to 3.8 billion francs.

This resulted in an average of over 60 percent of total sales that went to exports. The latest available figures put exports of perfume at 68.7 percent of turnover for 1980, at 1.5 billion francs. Jewelry exports accounted for 73 percent



Jean-Louis Dumas-Hermès

of turnover, amounting to 423.8 million francs. Exports of men's and women's clothing by members of the club totaled 403.5 million francs and accounted for 53 percent of sales.

Exportation is one of the keys to membership. A candidate "must

(Continued on Page 9S)

PERFUMES Market expanding abroad

By Mark J. Kurlansky

IN the modern French perfume industry, two realities are trying to merge. One is the traditional perfume center: the hilly town of Grasse, which is visited by as many as 4,000 tourists each day in peak season.

A second reality, seen only by professionals, is a conference room in an elegant building in Paris where a group of 23 French companies, all of which earn more than 40 percent of their sales income from exports, have organized a marketing effort called "prestige of French perfumery." Written on a large board in the room are marketing ideas with phrases such as "the image of France" underlined.

In the French cosmetics industry, 60 percent of a \$670-million annual income from exports is derived from perfume sales. The market is rapidly expanding, as per-

fume is no longer a product limited to wealthy women.

And the French industry still dominates the world perfume market.

In Europe, the country's largest market, French perfume is barely challenged. More than half of French export sales are in Europe. West Germany, France's best customer, takes 14 percent of French exports. Italy is the second biggest customer.

The foreign sales figures are impressive, having grown an average of 15.7 percent each year from 1960 to 1978 and still growing, albeit at a somewhat slower pace. But in the past decade of market growth the French have had to struggle to maintain their position. They have gained in some markets and lost in others. Thus, they have managed to stay in about the same position. Their top challenge has

been that American companies have entered the race.

The United States is France's third biggest perfume customer. While sales have been increased in this vital, expanding market, the French market share in the United States has been halved in the past 10 years, according to Bruno Queyrel of the export service of the French Federation of Perfume, Beauty and Toilet Product Industries.

The American companies are generally part of larger conglomerates, which give them ample resources for the development and marketing of new products. This process has also reached the French industry, where today many of the traditional family houses have been bought out by conglomerates. Foreign companies control about 30 percent of the French industry.

Chanel is owned by a Swiss conglomerate. Others, such as Christian Dior, are owned by French conglomerates.

"The French is a product of creation and the American of marketing," said Mr. Queyrel. The claim is often made here that the Americans spend more money on marketing but the French, with a generally more expensive product, spend more on making the perfume.

It takes a "nose," as a perfume creator is called, several years to develop a new fragrance. Only about five of the 50 new fragrances created every year in France succeed. To compete with Americans means the additional expense of matching the sophisticated marketing techniques of American companies. A new perfume can represent a risk of as much as \$8 million.

Companies that do not succeed in America are not willing to invest," said Guy Laysene, director of Paco Rabanne, one of the few French companies whose largest customer is the United States. "In the United States," he said, "you have to have the courage to invest enough." According to Mr. Laysene, between 15 and 20 percent of the price of a bottle of Paco Rabanne is the marketing cost.

Another unusual fact about

(Continued on Page 11S)

FURNITURE Inside an atelier: time is not a factor for Parisian artisans

By Harriet Wely Rochefort

RENE Turba and Roger Bessière don't know each other — but they have a lot in common.

Both work hidden well away from the hustle and bustle of the Faubourg St. Antoine — Paris furniture mecca — patiently designing and making furniture almost entirely by hand. To find them, you'd either need to know what they've done for their clients by word of mouth or just stumble upon them by wandering into the passageways where they work.

In their early 50s, both belong to a generation in which crafts were still passed on from father to son or learned from a "patron." Both know what the word "apprenticeship" means and both grew up in the days when no one had heard of a 40-hour work week.

From then on, the differences become greater, for no two *ébénistes* (cabinetmakers) are alike, either in their background or in their approach to their craft.

Mr. Turba, who works at the end of a passageway named *Cours de 3 Frères*, wanted to be a doctor. Instead, he ended up joining the resistance in World War II. The war over, he decided to follow in his father's footsteps and take up the trade. His formal training included the Ecole Boulle, France's most prestigious school for applied arts, and did a *tour de France*, going from one home to another for

three years, doing whatever cabinetworking or repair work he could. "School was good," Mr. Turba said, "but the best teacher was my father."

Mr. Turba's workshop is typical of the few furniture-making shops that remain in the neighborhood. A small sign indicates the way up a rickety staircase. Once inside, you discover a world that doesn't seem to have changed since the last century. In the main office, a clutter of tools, drafting paper, shelves filled with books on furniture styles, and a couple of chairs sit on — if you can get to them.

"It's a mess," admitted Mr. Turba, laughing. "Furniture makers don't have time to clean up." As if apologizing, he added: "You know, creating beautiful furniture is not a money-making venture. If you want to make money, you have to do mass-produced furniture." A pause. "I just don't know how to do it."

He unveiled the headboard and legs of a Louis XVI bed he had just finished for a client. Intricately sculpted, the bed is a copy of a Borély bed found at the Chateau de Borély in Versailles, a 16th-century creation one would certainly not find in a store on the Faubourg St. Antoine. Refusing to reveal the time it took to complete the bed, Mr. Turba insisted that "it's the quality of the work that's important, not the time. The time doesn't count."

Time may not count, but the quality of the mate-

rial does. Holding up a piece of wood, he demonstrated the difference between kinds of wood. "Two different things are done to the wood. The sawed-off wood is from a tree that has come straight from the forest and has been cut. The 'sliced' wood has been plunged into boiling water and cut up in slices, like you would a sausage. He shook his head. "The difference between them is the difference between frozen meat and fresh meat."

Roger Bessière, who works not far from Mr. Turba at the end of another passageway off the Faubourg St. Antoine, started out like Mr. Turba, learning from his father and then going to an apprenticeship. At the age of 14 he was working for a furniture maker and learning the trade.

"I started out doing everything by hand," said Mr. Bessière, "and believe me, it's not the same thing. We had to be careful and keep track of what we were doing. We were afraid of the boss and had our noses to the grindstone all day long. At the end of three years we knew how to put together a few pieces of furniture — but it takes 10 years to really know what you're doing in this job and you still keep on learning."

Mr. Bessière, who works with individuals ("I start out generally by doing something for a bedroom and usually end up doing every room in the house"), said his personal taste has "nothing to do" with what he does for his clients. "When I work for someone, what counts is the construction of the

piece of furniture and respecting the wishes of the client down to the millimeter," he said.

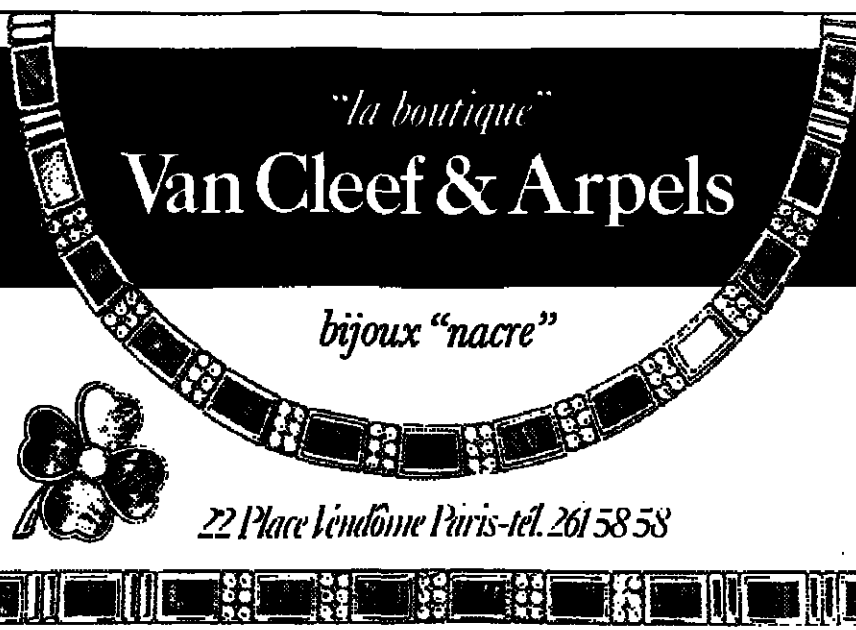
Like Mr. Turba and many other furniture makers, Mr. Bessière has only one workman — and regrets it. "There just aren't enough qualified workers around anymore," he sighed. "First of all, many of the older people who could teach the craft are gone now and no one can pass on what they knew. Young people don't want to live on the minimum wage that they would have to for years in order really to learn the job."

"It's not a job where you stand around in a white jacket turning out beautiful furniture. It's dusty and it takes a lot of muscles to work with the wood. You have to be meticulous and careful, and despite the dust and dirt turn out a piece of furniture that is impeccable."

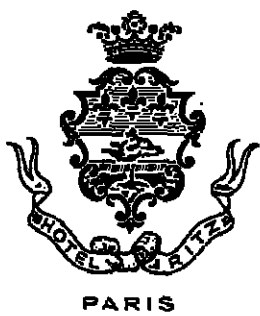
Mr. Bessière is currently working on a cherry-wood wall unit for a client. The cost: More than \$13,000. "When you're on your own like this," he said, "you don't have a boss on your back — but you have your clients, many of whom know absolutely nothing about making furniture. It takes a lot of patience, to put up with what I have to hear sometimes."

For the last 25 years, Mr. Bessière has been working 10 hours a day, 5 days a week, and most

(Continued on Page 9S)



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- The Lanvin universe

On either side of the Rue du Faubourg Saint-Honoré in Paris are two buildings that could well be listed in the inventory of great monuments dedicated to elegance.

N° 22, on the very spot where Jeanne Lanvin opened her first millinery boutique at the beginning of the century, is today the centre of the women's universe, sending out collections all over the world.

"Very Lanvin" gifts

The style and design ateliers are on the upper floors. The Haute-Couture collection is designed by Jules-François Crahay, and from now on Maryll Lanvin is creating the ready-to-wear clothes. The collections are shown in the salons on the first floor, whereas the Boutique on the ground floor offers a wide range of articles in addition to the ready-to-wear models.

In the lingerie department there are sumptuous nightdresses and filmy negligés; the leather-goods counters offer luggage and handbags for sportswear as well as pearl-studded or crocodile evening bags.

Among the "very Lanvin" gift suggestions are big woollen shawls in every colour, plain or edged in matching tones; very "design" jewellery at most reasonable prices; and of course perfumes, of which the best-known doubt Arpège.

A sumptuous perfume in a collection-piece bottle

Created in 1927 for Jeanne Lanvin, Arpège is a delicate mixture of some sixty rare floral notes, including Bulgarian roses, jasmine, lily-of-the-valley and lilac. For this sumptuous perfume, typical of its epoch, Jeanne Lanvin asked the distinguished artist Armand Rateau to design a beautiful bottle. He created the Boule Noire, which was decorated by Paul Iribe with a figurine engraved in fine gold, showing Jeanne Lanvin dressed for a ball with her daughter Marie-Blanche, the future Comtesse de Polignac.

Some years ago Lanvin decided to reissue this famous bottle and offers a full range of black-and-gold products around it: perfumes, eaux de toilette, bath products, soaps, etc. which make tasteful gift ideas.

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N° 15 is a man's world. Wood-panelled, with a marvellous liftage in the purest 1925 style, it is quiet and peaceful. This is probably one of the last addresses left in the world where you can find under one roof a tailor, a shirt-maker, and a hat-maker, plus various departments which would each make a house famous by itself.

Custom tailoring is on the first floor. Fashion is not followed here, but created for each of the privileged people who come here for their clothes. To dress a customer, you first have to get to know him. You aid his choice from among thousands of fabrics, some of them very rare, and you make up his suit entirely by hand (one hundred hours of work on each). This is the secret of Lanvin's success, which rises above fashion.

A dynasty

On the ground floor are ties designed specially by the house stylists for each collection: pullovers in cashmere and silk, leather goods, scarves, cuff-links, handkerchiefs woven on ancient looms...

Lanvin has created eaux de toilette for men too, and there is a line of products around each: Monsieur Lanvin, Vétiver de Lanvin and, recently, Lanvin for Men.

Haute couture, perfumes, tailoring, not to mention the numerous boutiques in different parts of the world... the Lanvin dynasty has reigned for three generations over a universe dedicated to comfort and elegance.

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LANVIN COUTURE
22, Fg St-Honoré
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15, Fg St-Honoré
75008 Paris

FRENCH LUXURY PRODUCTS

JEWELRY A leader in export earnings

By Vanya Walker-Leigh

FRANCE'S top jewelers, most of them established in discreetly plush, heavily protected shops around the Place Vendôme, have traditionally sold mainly to foreigners.

Though sales figures are not readily disclosed, the government exporters' yearbook for 1980 lists Gérard's exports at between 250 million and 300 million francs, those of Chaumet and Van Cleef & Arpels between 100 million and 150 million francs and Boucheron's at 50 million to 60 million francs, indicating that foreign-exchange earnings account for between 60 percent and 90 percent of total turnover.

The trade seems unanimous in agreeing that foreign sales, mainly to the United States, the Middle East and Far East, or to nationals of these regions residing or visiting in France, will account for even larger shares in the future. French clients are apparently discouraged by higher taxes imposed by the new government, and a recent regulation making their formerly anonymous, cash-over-the-counter purchases impossible — as now all goods worth more than 10,000 francs must be paid for by check.

Although Socialism may put a crimp on domestic demand, jeweler Jacques Arpels last night played host at the Paris Opéra to a high-society gala, under the patronage of President François Mitterrand, for the Pasteur-Weizman foundation.

French jewelers are also facing supply-side problems: the dearth of young workers willing to spend years learning skills from aging craftsmen, increased labor costs resulting from new laws on shorter work weeks and longer vacations, as well as the increase from 17 percent to 33 percent of the value added tax on raw precious stones. French jewelers stalk public auctions and private sales in France and abroad to buy back their own and others' creations as additional raw materials.

The top exporter since 1975, Gérard, is the most recently established firm. Louis Gérard, a former jewelry-trade executive, found private backers in 1968 to set up his own firm, selling his own designs and using only the highest-quality stones.

Rumors of the imminent shutdown of Gérard, because of major

disagreements between Mr. Gérard and some of his backers, were followed by the news last month that some backers had been replaced by new shareholders. "Not only are we still in business, but poised for further expansion after an admittedly difficult year," Jean-Paul Desmaretz, the public relations manager, explained.

Gérard's yearly collection, shown at Gstaad, is subsequently sold either privately, by traveling salespeople, or through either the Paris (avenue Montaigne) headquarters, or through sister shops in Lausanne, Gstaad, London, Monte Carlo, Geneva and Cannes. But a New York branch that was opened in December, 1980, had to close in April of 1982 because of a new French government regulation cutting annual foreign-exchange transfers by firms to overseas affiliates from 5 million to 1 million francs.



Louis Gérard

francs, Mr. Desmaretz added. A small office will, however, be opened there soon to continue business in the United States.

Chaumet, established in 1780, has branches in London, Geneva, Brussels, Tokyo and Hong Kong that are built to resemble closely its Paris salesroom on Place Vendôme.

Chairman Jacques Chaumet pointed out that Chaumet jewelry, made by both traditional and modern designs, "is part of a broader product range, including high-quality watches ('les Temporelles'), following our purchase of Bréguet watches 12 years ago." "We also make cigar boxes, letter openers, vases, and *bestiaire* objects — animal heads or bodies carved by the glassmaker Baccarat and adorned with gold or precious stones," he noted.

Mr. Chaumet is president of the

Haute Joaillerie de France group, composed of Chaumet, Boucheron, Mauboussin, Mellerio and Van Cleef & Arpels, which organizes joint exhibitions, draws up common rules on profit margins and the quality of stones and sets a joint approach to the government on administrative problems.

Van Cleef & Arpels, established in 1906, pioneered the costly but much-appreciated "invisible setting" technique and was the first top jeweler to launch, in 1950, a cheaper range of boutique jewels — a limited number of copies of about 1,000 models — Mr. Arpels, the firm's chairman, pointed out.

High-quality "Boutique des Heures" watches and lighters complete the range, with the prosperous perfume business now existing as a separate company. Established in New York since 1938, V.C.A. also has branches in Beverly Hills, Palm Beach, London, Geneva, Cannes, Monte Carlo and Deauville. V.C.A. has added exclusive distribution arrangements with top jewelers in leading French cities, as well as in Zurich, Sapporo, Milan, Kuwait, Hong Kong and Singapore.

Gérard Boucheron, who recently handed over chairmanship of the family firm, founded in 1958, to his son Alain, sees Boucheron's 1982 foreign sales accounting for 80 percent to 90 percent of turnover, compared to 60 percent in past years.

Boucheron has shops in Biarritz, Geneva and London, and either agents or "corner" in jewelry or department stores "almost everywhere that matters." Mr. Boucheron added, "We were the first to make gold evening bags and also make compact, 'small' jewelry pieces, using semiprecious stones, selling from \$1,000 upward, and our own *bestiaire* line of decorated animal heads and bodies, sculpted by our craftspeople from rock crystal."

Cartier, founded in 1847, may well be among the top foreign exchange earners, but Chairman Alain Perrin refuses to give figures — even to the exporters' yearbook. He scoffs at comments by other jewelers that Cartier has wrecked its reputation by licensing the manufacture and worldwide distribution through 5,000 jewelry shops of its "relatively" inexpensive "Must" pens, watches, lighters and leatherwear, launched in 1972.

"Cartier also sells top-quality,



Posh bathrooms from Paris

By Todd Martin

THE PLACE de la Madeleine houses many things, from the gourmet food shops of Fauchon, down past the flower market and the fur shops and the art galleries to the junction of the rue Royale and the Boulevard de la Madeleine.

Here, nestled under the 66-foot-tall Corinthian columns of the church and just behind the marble rail of the entrance to the Métro, sits Sanitaire de Prestige Porcher, two floors, under arched windows, dedicated to what is sometimes called the smallest room in the house.

Porcher furnishes bathroom fixtures to the world. From six factories in France, these fixtures go out to grace homes in Europe and Africa, in the Caribbean and in Tahiti, in the Midwest and in Hong Kong. Outlets in all these areas, and hundreds of others in France, sell the bathroom de luxe — to those who can afford it. Exact figures are not available, but judging by the activity of the sales women in the Madeleine store, business is brisk.

One is shown a simple wash basin, silver faucets, stopper control and stopper for 6,200 francs, a bit over \$1,000. A matching tub goes for 15,300 francs. Its ceramic tile is said to resist fire, acids, time (or perhaps the weather). The bidet costs 5,400 francs.

A nice touch for the smallest of small rooms is a bidet on ball bearings: it slides out of its cabinet housing from beneath a wash basin with gold fixtures — not, one is assured, solid gold, merely a gold bath over a baser metal.

Standing tall in one corner to rival the Corinthian columns outside is a complete shower, mirrored, quarter-round to fit in the corner, with dusky curved, sliding door — 18,109 francs.

But it is mostly bathtubs, some resembling couches for astronauts, controls within easy reach, that are displayed in this hall of mirrors, which themselves can cost thousands of francs. (Porcher does not manufacture mirrors or other accessories, just the basics, but it does sell them in its stores.)

There are 500-franc toilet-paper holders and there are various hangers and shelves and racks equally dear. One showroom touch, as befits a company that has been in the business since 1880, is a charming painted porcelain wash basin supported on a three-legged stand, swiveled face mirror above, painted water pitcher below and brass towel rods along each side. Nice for a quiet shave. Porcher also makes a sort of fold-up urinal that is mounted on a wall. It comes in various colors, for 600 francs, and is "discreet, esthetic, and for the first time makes it possible to allow a urinal in a bathroom."

Toilet seats and bowls can run to more than 2,000 francs. The bowls are designed variously according to exit workings: vertical, central, oriental. It would take drawings to tell the difference. The same for the seats: named Provence, Regate, Omega, Majorque.

Porcher does not install, it just sells, but one can tell one's plumbing contractor to get everything from Porcher. It seems that nothing has been forgotten. There are even kitchen sinks, 3,141 francs.

exclusive jewelry," he pointed out, "as well as the exclusive 'S' line of evening bags, leatherwear, jeweled hairslides and watches, launched 1980 and sold only through our own 20 shops and 90 franchised boutiques around the world. In 1980, we also launched the 'Pendules Mystérieuses' ('Mystery Clocks') line, with a limited number of unique pieces made each year from precious and semiprecious stones, using the skills of 14 trades." This has been followed by a cheaper line of "Art Deco" clocks, retailing in two designs at around 30,000 francs each.

Mr. Perrin added: "Cartier may be criticized, but we are the only jeweler appealing to a young, broad public, and the only one making enough profit to plan to finance a project enabling talented young craftspeople to be apprenticed to experienced artists, and eventually to set up on their own." The continued success of French jewelry, at least according to a press handout of the Haute Joaillerie de France, is based on the fact that "The purchase of a jewel satisfies the aspirations of every woman and the self-esteem of husbands..."

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RENAULT 30 TURBO D.

High priority from government for a sector that scores heavily abroad

FASHION

FRANCE'S Socialist government has given strong backing to the high-fashion industry by making the Louvre available for this spring's ready-to-wear show, promising a new fashion museum and pledging funds for a maison de la mode near the Forum des Halles shopping complex. The maison would contain permanent showrooms, a documentation center and a university-level institute of fashion studies.

"Business is booming, according to Jacques Moudier, chairman of the fashion trades federation, and the 25-percent increase in turnover in 1981 to 5 billion francs (\$833 million) — half of the total in foreign exchange — probably will be repeated this year."

He pointed out that French haute couture as such, the 200 to 400 one-of-a-kind models produced yearly by each fashion house, has only 1,000 or so clients, mainly foreigners. Sales of these garments account for only 3 percent of industry turnover; an additional 12 percent comes from the limited-series boutique models, 35 percent is generated by sales of women's ready-to-wear, 22 percent by men's ready-to-wear and about 27 percent from accessories, sold under the fashion house's label.

Though all French fashion houses have foreign clients, industry circles indicate that the top earners of foreign exchange are Cardin, Dior, Yves St. Laurent, Givenchy and Chanel, with Per Spook of Norway and Kenzo of Japan starting to contribute substantially to the trade balance through the operations of their recently established boutiques.

Though competing fiercely for clients around the world, France's couturiers now cooperate closely in the growing fight against fakes. Their teams of inspectors routinely exchange information on "suspect" merchandise they may have seen on their foreign tours.

Pierre Cardin, the only couturier selling in Peking and Sofia in Bulgaria, comes in for sharp criticism from his haute couture colleagues for branching out beyond accessories into tableware, furniture, carpets, bathroom tiles — and lately groceries and catering.

An agreement with Maxim's restaurant in 1980 to use the Maxim name on high-quality preserves, confectioneries, wines and champagnes, sold through a Paris Maxim's shop and by 1,000 distributors throughout France, was followed by the acquisition last year of a controlling share in the restaurant.

Pierre Cardin has already built an identical "Maxim's" restaurant in Brussels, with further copies slated for Tokyo, Rio, Washington, Singapore and Sydney. "But so far, nonfashion goods make only a minor contribution to group turnover," Cardin's licensing manager, Edouard St. Bris, pointed out. "Forty percent of our sales come from men's clothing, another 30 percent from women's wear."

"Eighty percent of our products are manufactured under license in some 500 factories around the world, but we operate strict quality-control standards through our local offices or agents. We are also the only fashion house to sponsor the arts — by paying for French and foreign artists to perform or show their works at the Espace Cardin arts center on the Champs Elysees."

Yves St. Laurent may be the next target for jibes from colleagues if plans to market economy-priced clothes work out. "We are at present trying out a range of clothes costing 800 to 2,500 francs, far less than our present ready-to-wear items, on sale through the C & A chain in Germany," explained YSL's managing director, Marc Vincenz.

"We are also looking for a manufacturing partner in the United States, where YSL has a subsidiary



LUXURY FLEET — Hertz has recently begun a luxury self-drive car rental service in Paris. The vehicles available range from the Porsche 928S (which goes for 1,030 francs a day) to the Volkswagen GTI 16S (available for 317 francs).

company. The models in this line would not actually be created by St. Laurent, but developed by designer teams along his suggestions. We reckon we could add 1 to 2 million clients to YSL's present several hundred thousand who buy men's and women's clothes and accessories through the four wholly owned YSL Rive Gauche boutiques — two in Paris, two in New York — and 170 franchised boutiques around the world."

Ninety percent of YSL's women's garments are made by the French manufacturer Mendes, 34 percent of which is owned by YSL. Men's clothes are made by Bidermann in France and the United States. YSL has turned down a number of offers to put its name on chocolates, cigarettes and automobile seat covers.

Christian Dior's development has long been hampered by the financial problems of its owners — first Boussac textiles, then the Groupe Willot, both of which went bankrupt. Dior's chairman, Jacques Rouët, said that under arrangements recently put together

by the government, Dior is now the subsidiary of a new firm owned 49 percent by Willot's creditor banks and 51 percent by the state Institut de Développement Industriel.

"At last we will be free to invest our profits in expansion abroad and revamp our Paris headquarters

Givenchy recently won a contract to decorate Ford's Continental.

into a small luxury department store," he said. "We also intend to add a series of boutiques to those already existing in Riyadh, Geneva, Paris and Sydney, boost the activities of our London and New York subsidiaries and expand our product ranges in furs, accessories, sportswear, ready-to-wear, children's clothes and household linen." Dior's licensee manufacturers include Kanebo of Japan, Jones of New York, Irving Samuel of Canada, and Hart, Schaffner & Marx of Chicago.

COLBERT

(Continued from Page 75) have high-quality workers, mainly French, and be concerned with export activity. If a company is turned down, it is usually because its export activity is not sufficiently important," the vice-president of the committee said.

The practical advantages of club membership are not to be denied. As a spokesman said, "If our company has a problem with customs officials, say, concerning our exports, our accountants can get on the telephone and work with each other to resolve the difficulty."

Beyond commercial interest lies a genuine pride in the handmade goods produced from prime-quality raw materials by craftsmen born to the art. The result of their work, at the highest level, is beautiful. One dictionary definition of the word "luxury" is "an object that is desirable but costly," while another says that the object adds to "pleasure or comfort, but is not absolutely necessary."

Not absolutely necessary, perhaps. But perhaps "we are talking about civilization and culture."

—IAN M. GUMMER

LUXURY OUTLOOK

(Continued from Page 75)

Creation to set up a pressure group vis-a-vis the government and provide information to the media."

Mr. Moudier, who was then the president of the trade group, said his role as being "to defend the industry as a whole when its interests are threatened by proposed government measures."

The luxury goods industry carries a heavy weight under government taxation and social security policies. The oil industry or the chemical industry, for example, are not labor-intensive and don't have to carry the social charges based on wages that our sectors have to support," Mr. Moudier said. "We would like the government to re-think its system of sharing out social charges to make it more equitable."

By definition, luxury goods producers rely on highly skilled and highly paid artists and craftsmen who are creating and tooling their work by hand. This implies social costs to employers of between 70 and 80 percent of production costs.

For Marc Porchault, president of a luxury linen house, legislation reducing the work week to 39 hours and a proposed fifth week of paid vacation "represents two weeks of lost production for us." He added: "We would like to increase our workforce, but we can't do it without a loss of quality." And, he noted, sales are based on the quality of the product.

The president of the perfume and clothing house of Lanvin, Bernard Lanvin, said, "Since the 1973 oil crisis, sales have continued to rise but profits have not shown the same relative increase because costs have gone up, and if we passed on these costs we would price ourselves out of the market."

He also noted that the world economic crisis "has had an effect on tourism and this has slowed growth in our sales."

Jewelers are worried about the doubling in the tax on precious stones this year, to 33.3 percent from 17 percent. A spokesman for the industry, Jacques Chaumet, whose headquarters are on the Place Vendôme, said this will seriously affect sales.

Another major concern among producers of handcrafted luxury goods is the gentle art of theft by forgery. This pirating "hurts us a lot," Mr. Lanvin said. "I suppose, in a certain way, it's the price of success. It's not the Japanese — they copy and improve, but they don't go in for forgery. It's places like Taiwan or Italy or countries in South America. Lanvin itself spends nearly \$200,000 a year in protecting trademarks."

Despite these worries, the industry is mildly optimistic. According to Jean-Louis Dumas-Hermès, "The present government seems to be more aware than previous ones of the importance of the luxury goods industry. We are hiring employees, or at least we are not firing people. The industry doesn't need any subsidies, and the government has seen that. The representative of the luxury goods producers should accompany the French employer's delegation that goes with the minister of industry on his trips abroad."

Industry spokesmen agree that the principal markets for luxury goods are Europe, the United States and Japan. The Far East is an increasingly important market.

Major bid to increase exports of food, wine

IN the United States a lot of people are talking about "the new trend toward better food and wine." The subject has also aroused considerable interest in France, where the export of alcohol and food products is growing at a steady rate.

This year the government has given Sopexa, a government agency for the promotion of agricultural and food products, a 56-percent budget increase. A large part of that money will go to advertising campaigns in the United States with messages such as "foie gras — the summit of gastronomy," say "fromage," calvados — the mellow brandy of Normandy; the incomparable wines of France; the only French burgundy is 100-percent Burgundy.

The French market priorities, according to Bertrand de Fleurian of Sopexa, will be the United States, West Germany and the Middle East. Germany is France's strong traditional market, the Middle East is the fastest-growing market and the United States is the market with the greatest potential.

In wine and liquor, where Britain has historically been France's leading customer, the United States has in the last two years solidly taken first place. More important than the size of U.S. sales is the size of the remaining market. The British market is thought to be close to the saturation point, but in the United States, cognac represents only 1 percent of the total spirits market.

Cognac is a champion French export. Of the \$867 million worth of spirits exported in 1981 (up 21 percent from 1980), \$587 million worth was brandy from the tiny area in southwestern France called Cognac. Only 10 percent of bottled cognac is sold on the French market.

"The growth of the American market is fast," said Gerald de Geoffroy of Hennessy, which exports 95 percent of its production. "Americans are turning to wine and, with it, spirits." Northern Europe and the Far East are also good cognac markets. Generally, the experience has been that people who drink hard liquor are more

easily converted to cognac than wine drinkers. Sopexa has been marketing other hard liquors abroad, such as armagnac and calvados, but even with the rapid growth in exports these items still represent a small fraction of cognac sales.

Wine has a somewhat different market. For example, unlike spirits, it does not sell well in the Far East. Less-expensive wines have been having great difficulty competing in the lucrative European and North American markets with Italian and Spanish wines and, in the case of the United States, with Californian wines.

But the celebrated expensive French wines are selling well in foreign countries. The three leading French wines in order of the total value of exports are champagne, bordeaux and burgundy. In terms of value, champagne alone represents a quarter of all wine exports. As with other French wines, the United States and Britain are the leading customers. But Italy, which is much less important for other French wine, is the third biggest champagne customer.

The wine market seems to be growing rapidly, particularly in the United States. Burgundy, a small area with small, family owned vineyards, can no longer supply a growing foreign demand. This has put strong upward pressure on burgundy prices.

Champagne vineyards are reaching a similar limit. In 1981, although the value of champagne exports increased, the amount of champagne exported dropped noticeably. Champagne, in northeastern France, has experienced unusually cold weather for three springs, which has resulted in three poor years of production in a row. Champagne production depends on a large stock of wine and this supply has become seriously depleted.

The export of luxury food specialties has been increasing in recent years. Mr. de Fleurian points out that the prestige of a French label has made luxury items out of almost all French products abroad, from mineral water to the \$22-per-pound black truffle.

West Germany and Italy are the two best markets for these products, but the United States and the Middle Eastern Gulf States are growing the fastest. Cheese, which sells best in the European countries where it is a daily food, had a 15-percent rise in Middle East exports last year and also made large

gains in the United States, where import quotas on certain cheeses — such as those made from goat and sheep milk — were removed.

The United States imports about one-fourth of all of France's exported mustard and is a major importer of French foie gras, snails and truffles. According to Mr. de Fleurian, one of the big problems in the United States is getting the consumer to accept the high price of French food products. Sopexa has launched an advertising campaign to convince Americans that the plump, French wood snail is better than the cheaper, smaller species that several Asian countries have been marketing in the United States.

It is obvious that some Americans spend liberally for French luxury. Almost one-third of the French truffle exports (Italy is the only producer besides France) go to the United States. Foie gras, the preserved, fattened goose or duck livers (often imported to France before being prepared and exported) are also selling well in the United States and in Japan.

The American Food and Drug Administration requires the livers to be cooked more than is the custom in France, and this process makes the American import taste somewhat different. According to the FDA, undercooked livers can carry dangerous bacteria.

"All countries have incomprehensible regulations," said Jacques Melon, of the Parisian specialty store Fauchon. He pointed out that the FDA will not allow him to ship canned coq au vin and comard à l'orange because of a ban on fowl, but they do allow fat-preserved duck and goose. Meanwhile, the French government has just stopped him from importing products with enriched flour, such as American pancake mix.

Fauchon exported \$3.3 million worth of specialties in 1981. The store claims a 60-percent increase in exports each year, the best market being Japan, followed by the United States and West Germany. Mr. Melon claims that Fauchon is giving English tea exporters serious competition with French products such as apple tea.

Fauchon is beginning to export its selection of handmade chocolates from artisans all over France. A few others have also begun to export handmade chocolates, but it is a difficult product to ship and subject to a number of restrictions in importing countries. "It is the difficulty that gives us the market," said Mr. Melon.

—MARK J. KURLANSKY

Christian Dior

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FRENCH LUXURY PRODUCTS

Posh surroundings count, but luxury nowadays means careful, polite service

HOTELS

By Linda Bernier

THE DIFFERENCE between a beautiful hotel and a very special *palace* is the service. "Everyone should feel like a VIP," said Frank Klein, who runs the Parisian luxury hotel whose name has come to describe the epitome of elegance—the Ritz.

Mr. Klein and other master hoteliers in Paris, the city of grand hotels, agree that luxury service means not only that the orange juice is fresh, the croissants warm and the coffee hot, that the guests' wishes are carried out quickly and cheerfully, but that the guest has the feeling that he is the only one who has ever lived in the room he is in, that he is truly in a palatial home away from home.

To provide this feeling, many of France's finest hotels have adopted special touches: remembering the guest's name from the moment he registers, and during subsequent visits, welcoming him with a personalized note, fresh flowers or a bottle of champagne, repainting and scenting rooms.

According to André Saurin, who heads the *Chambre Nationale de la Restauration et de l'Hôtellerie*, an association of hotels and restaurants, today's fine French hotels are also noteworthy because of their increasing emphasis on offering business facilities and sports and entertainment activities.

Of the 17,000 hotels classified by the Ministry of Tourism (there are about 40,000 in all), 480 are considered four-star and four-star deluxe, the highest ratings given in France. More than half of them are in Paris, with two-thirds situated in Paris and the Côte d'Azur.

Most of the deluxe hotels have not suffered much from what is troubling the rest of the hotel industry in France—the generally hard-pressed international economy, an increase in the value-added tax from 7 percent to 17.6 percent for four-star and four-star deluxe hotels and what amounts to a 30-percent tax on expense account budgets.

While four-star hotels suffered a

10-percent to 20-percent decline in occupancy rates last year—their clients choosing less-expensive hotels—the four-star deluxe hotels have experienced only a 2-to-3-percent drop in occupancy rates, said Mr. Saurin of the hotel association.

He explained that luxury hotels usually operate at lower occupancy rates than other hotels—62 to 63 percent last year, which, according to several top hoteliers, is about the point where profits begin.

Several four-star deluxe hotels are under construction in Paris—one in the Hautes-Seines area being built by Mab, a Dutch group, and a Loewe's in Passy, with a 1984 opening planned. The Holiday Inn in the renovated Modern Palace building on the Place de la République opened in March and the renovated Scribe and Warwick hotels opened last year.

Renovation seems to be the name of the game, for if there is one outstanding feature Paris has to offer it is the charm and historical nostalgia of its old buildings.

Among the oldest of Parisian hotel palaces is the Hôtel de Crillon, which overlooks the Place de la Concorde. Part of two palaces commissioned in 1758, it was sold to the Comte de Crillon in 1789 and later, in 1907, to the Tatin family, who opened it two years later as a luxury hotel.

The Crillon, with its museum-like salons and reception halls filled with tapestries, gilded ceilings and ornate antiques, might have been stately enough for Woodrow Wilson and the other world leaders who assembled there in 1919 to found the League of Nations, but by 1979, occupancy by members of today's high society had dropped to about 50 percent.

So the Tatins, of champagne fame, are planning to pour in about \$10 million to improve the Crillon. Completed so far are about half of the 201 rooms and 30 suites, which start at about \$160 a day.

Gone are the blue and gold carpets and walls. Everything is light

Demand from abroad surges for antiques, objets d'art

FRENCH antiques are strongly in demand in the United States, Japan and elsewhere in the Far East and to a lesser extent in the Middle East and European countries, but the local supply of objects d'art for sale has dropped sharply since last year's elections, according to experts.

Jacques Picard, partner of the leading antiques auction firm *Ader Picard Trajan*, which accounts for 20 percent of the annual sales made through Paris' single auction house, *Hôtel Drouot*, said French owners are at present hanging on to their objects d'art. "One reason could well be the new regulation requiring that all goods worth more than 10,000 francs be paid for by check, instead of cash," he said. "Another is that such objects are not subject to tax."

"But the new tax on fortunes of over 3 million francs, payable by Oct. 15, is going to present a number of wealthy French people with the choice of either selling assets that produce income, or those that do not—such as antiques."

Maître Picard thinks that a number of antiques will come on to the market this autumn to meet the burgeoning interest from U.S. buyers in 18th-century classical French furniture and furnishings. U.S. interest has been spurred by the recent appreciation of the dollar against the French franc, as well as the ever-rising prices of British antiques, he said.

Japanese buyers, he added, are happy to find in Paris fine examples of Chinese and Japanese classical art no longer available in Tokyo, but they also go for 19th-century French paintings and 20th-century Art Nouveau objects. Middle Eastern buyers tend to limit purchases to "very spectacular" classical pieces—or perfect 19th-century copies made by famed craftsmen.

Leading antique dealer Didier Aaron, chairman of the eight-member group "Les

Antiquaires à Paris," said that U.S. interest in classical French antiques started five years ago, and is partly attributable to the work in New York of two Frenchmen, his own son Hervé, who runs Didier Aaron, Inc., and Thierry Millerand, a director of Sotheby Parke Bernet.

Mr. Aaron also has decorating activities, his Paris and New York offices serving as bases for top-line classical and New Wave French decorators such as Alain Demachy, François Catroux and Jacques Grange. Along with the house of Janssen, and Philippe Nourissat, Albert Finto, Henri Samuel, Jean François d'Aigre and Ms. Andrée Putman, Mr. Aaron's associates have become internationally acclaimed favorites with wealthy homeowners around the world.

Jacques Grange, whose clients include the Iranian and Saudi royal families, Yves Saint Laurent, Stavros Niarchos and Mick Jagger, pointed out that decorators have only recently started being taken seriously inside France. "But at the moment, the big opportunities are abroad, or with foreigners residing here," Mr. Grange said.

Mr. Grange said that French furnishing fabrics are in vogue, but that modern French furniture is something else, witnessed by the success in France of foreign furniture made by Knoll of Britain and by Scandinavian firms. "I end up designing my own pieces, which are then made up by French craftsmen—the best in the world. I may start manufacturing my own designs."

The French furniture trade association reports that the bulk of the industry's modern furniture exports, reaching 2 billion francs in 1980, were made up of standard "middle-range" dining and bedroom sets, and chairs.

But perfect copies of French antique furniture, turned out by highly skilled ébénistes d'art concentrated around the Faubourg St. Antoine area of Paris, are much in demand both by French decorators and foreign

buyers, including directors of museums and ancient monuments.

Claude Mercier, chairman of Mercier Frères, which reported a 170-million-franc turnover in 1981 in decorating activities and sales of copied antiques, also sees a shrinking market for his trade in France "except for a few banks and offices," but is doing a brisk business through affiliates or subsidiaries in the Middle East and the United States and will soon open a shop in Geneva and an office in Marbella.

The French furnishing fabrics industry exported 20 percent of its 11-billion-franc turnover in 1981, with most fabrics sold both inside and outside France without brand names through major distributors such as Clarence House and Brunschwig in the United States. But the trade association says that most leading manufacturers, such as Cassi, Deschemaker, Bissot, Lauer, and Prelle, would like to start selling under their own names—following the lead of Mamei Canova, and more recently Pierre Frey.

Mr. Canova said that his firm's foreign sales reached 36 percent of its 1981 turnover of 71 million francs, and that he is aiming at 50 percent this year. "My U.S. company, Manuel Canovas, Inc., set up in 1978 in New York, is now represented in 14 showrooms in the United States...I have diversified into matching wallpapers and carpeting, while my wife, Sophie, recently opened a boutique in Paris selling coordinated tableware and nightclothes."

Pierre Frey, which exported 35 percent of its 1981 turnover of 75 million francs, has also started opening "spaces" in the Galeries Lafayette department store chain. Chairman Patrick Frey explained, and sells fabrics under its own name in 22 countries. "I have just launched a new line of tableware and bedspreads, and expect to add more products soon," he added.

—VANYA WALKER-LEIGH

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LEATHER Success: an industry that spends much of its time combating its imitators

A SURE GAUGE of success for a luxury-product company is the number of imitators copying its models. Looking at the number of fakes modeled after well-known French leather goods, it seems that business is booming.

Vuitton, Dior and Hermès bags are on the hit parade of popular fakes. But there is no lack of top-quality designers to choose from: Céline, Cardin, Morabito, Nina Ricci, Chanel, Lanvin, Balenciaga, Charles Jourdan, Guy Laroche, Lancel, Jacques Estorel, Patou, Madeleine de Rauch to name a few.

Millions of dollars in legal and investigative fees are spent each year by the important fashion houses to fight the fakes, which not only impinge on potential profits, but erode the distinctive image and status of the designer articles.

Actually, shrugged Richard Vi-

piana, who heads Céline, "there is very little we can do about it." His company spends up to \$500,000 a year in legal fees to fight the phony, but it is virtually impossible to keep track of counterfeit production all over the world. And besides, once you put one counterfeit out of operation, he or another one goes right back into business again, he said.

Despite the nuisance, Mr. Vipiana, like other designers whose other models are copied, is somewhat boastful about his popularity among the counterfeiters. "If we weren't copied it would mean we aren't important," he said.

According to André Saccou, director of Louis Vuitton, being copied even has its good points. "If we're not in a market it helps introduce us," he laughed, adding, however, that on the whole, imitators do more harm than good. "They use your name and noto-

riety to make a fast and easy profit, either fooling the consumer or making him an accomplice in wrongdoing," Mr. Saccou said.

Jean-Claude Gombault of Christian Dior added that because of the harm it does to the designer label, particularly in the case of poor-quality imitations, "it is a problem that bothers us a lot."

Dior initiated 250 suits against counterfeiters in 1980 and 27 additional suits last year.

Most of the fakes, say industry observers, are produced in Europe, and particularly in Italy. This, they say, is especially irksome—because Italy is a Common Market member and it turns out such high-quality reproductions. Fakes are also produced in North and South America, North Africa, Southeast Asia and Australia.

Besides legal action, many fashion houses are trying to counter the counterfeiters with more difficult-to-copy models. Dior has introduced a synthetic material on which it imprints its initials in the same color tone—difficult to see from afar, but identifiable at close range. Vuitton is working on a similar strategy.

While some designers feel that publicity helps fight the fakes by making consumers more aware of them, others find the discussion distasteful. Pointing to the recent full-page ad placed in major

French newspapers by Cartier to describe the fake Cartier problem, Mr. Saccou of Vuitton shook his head, saying, "It's very negative, a very negative enterprise spirit." In any case, he added, most people know when they pay so much less for a usually expensive item that they are not buying the real thing.

"People want designer labels but they don't have the money to pay for them. That's why there's a market for fakes. It's the mentality of consumption society today," said Pierre Jacques Guene, who produced handmade leather goods until 1955, when he realized that he would have to mechanize in order to survive.

Today he has a 400-employee factory near Dijon that produces handbags, belts and other small leather accessories for Dior, Chanel and Charles Jourdan.

While luxury leather goods are doing fairly well, the rest of the industry is not. According to the Fédération Nationale de Maroquinerie et Articles de Voies, a national association of leather goods manufacturers, the industry as a whole suffered losses of about 12 percent in 1980, a figure that improved only slightly last year.

"We are suffering enormously from imports," said Paule Morel, of the leather goods association.

Lower social charges, taxes and wages and an illegal, undeclared labor force are the most common

reasons given for Italian price competitiveness.

Also, added Mrs. Morel, the French must pay more for animal skins—despite the fact that France is the largest producer of raw skins in Europe.

Today in France there are about 2,000 leather goods factories and workshops, employing 22,000.

Only about 450, however, employ more than 10 workers each and they are responsible for almost 85 percent of the production. These plants totaled over \$383 million in turnover in 1980, about \$121 million of which was exported.

And if houses such as Hermès, Vuitton and Céline are doing well it is not only because of the appeal of their goods on the domestic market, but because of their appeal to foreigners and their commercial expansion abroad.

Hermès, which started making saddles and harnesses in 1837 and over the years has diversified not only into other leather goods, but scarves, dresses, perfumes, and jewelry, is one of the few leather goods manufacturers in the world of comparable size and quality that still does most of its work by hand.

About 650 skilled workers in the Hermès shop on the rue du Faubourg St. Honoré are responsible for producing such high-quality best sellers as the "Kelly" bag, which retails at \$1,000 to \$2,500, depending on the kind of leather.

The conservative style and master craftsmanship of Hermès has always appealed to foreigners, but 20 years ago Hermès started a more intensive foreign expansion campaign and today it has about 140 sales outlets abroad.

Louis Vuitton, another oldtimer—dating from 1854—and along with Hermès, the only top leather goods designer that still produces its own articles, has experienced a tremendous increase in demand in the past 15 years, due in part to the snob appeal of designer-initiated cloth, which it has been producing since 1896.

From a small 67-worker operation in 1975 to a more industrial-style operation of 560 workers in four plants today, Vuitton has seen its production quadruple in the past four years.

Retail turnover in this family-owned business climbed from about \$51.7 million in 1980 to about \$77.5 million last year, with an increase of 30 percent this year. International expansion and foreign sales began in earnest in 1977 and today make up about 80 percent of Vuitton's turnover—the largest markets being Europe, then Asia and North America.

Céline, which began as a manufacturer of children's shoes in 1947 and started producing handbags, belts and small leather accessories in the 1960s, exports 82 percent of its turnover—about \$50 million last year—and has 144 sales outlets abroad.

—LINDA BERNIER

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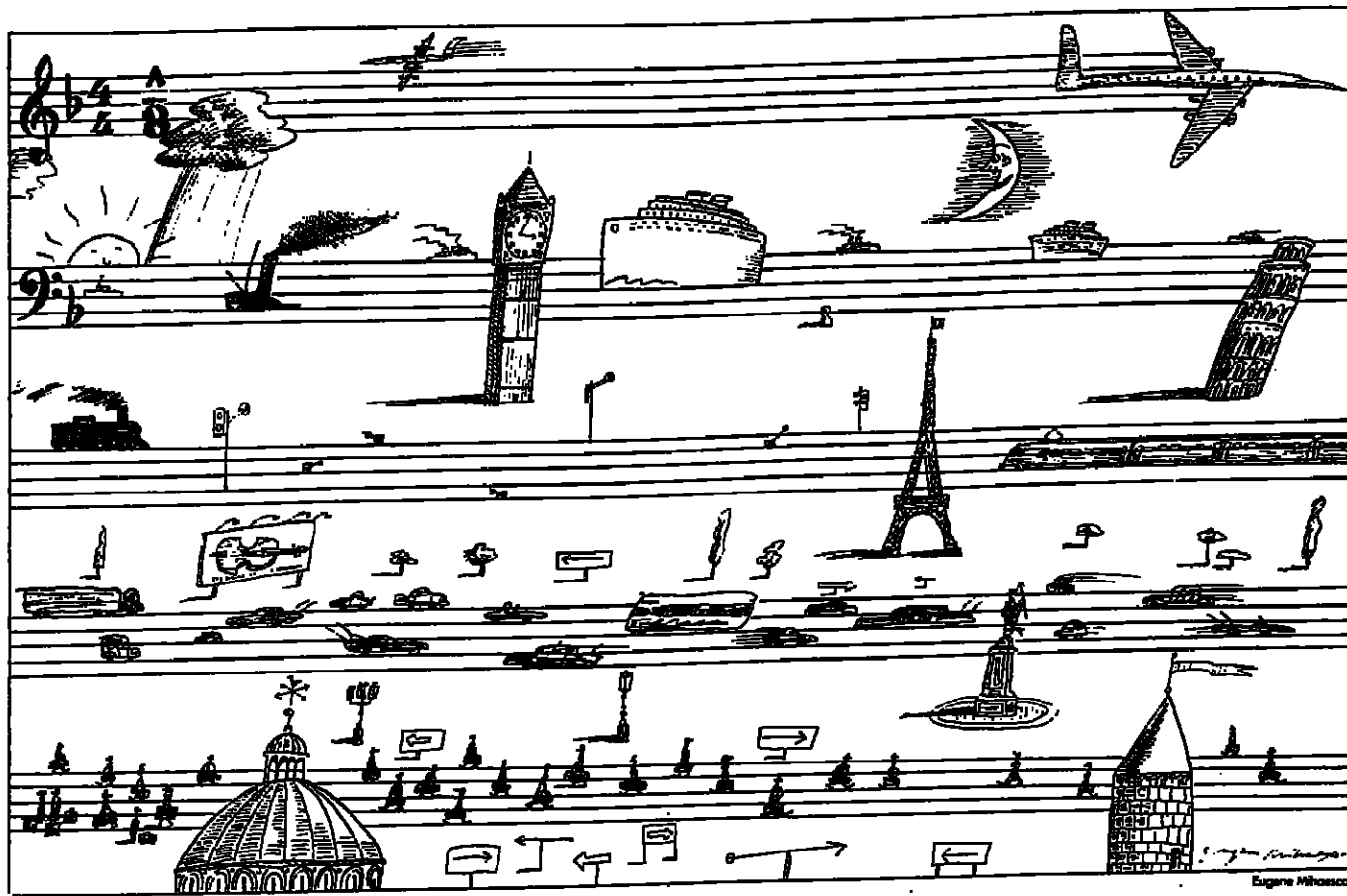
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An Overture to Music Festivals



By Harold C. Schonberg

New York Times Service

IT'S LIKE the story that they used to tell about Herbert von Karajan. The famous, busy conductor gets into a cab. "Where to?" asks the driver. "Makes no difference," Karajan says. "They want me everywhere."

Thus it is with the traveler and music festivals. No matter where you are, there is a music festival within striking distance, and they want you everywhere. Some of them are sold out well in advance and are fearfully expensive. Some of them are almost mom-and-pop affairs, unassuming and gentle. Most of them deal with the traditional classics, and the bigger they are the more traditional they tend to be. They have international casts and glamorous and are aimed at the music lover. But there is enough variety among European festivals to cater to any taste.

Take the Bayreuth Festival (July 25 to Aug. 28). First of all, you are not going there unless you already have your tickets and accommodations. I mean, you just don't walk up to the Festspielhaus box office and ask for tickets. The theater seats about 2,000, and everybody gets tickets a year or more in advance. Bayreuth is a small town, and accommodations are minimal. Many arrange for rooms well out of the city, renting a car to get to the festival grounds for the 4 p.m. curtain.

Bayreuth is one of the two major European festivals where evening dress is mandatory (the other is Glyndebourne). Many of the younger German males attend wearing black shirts under their dinner jackets. Are they trying to tell us something? Bayreuth, in the heart of Bavaria, has its political as well as its musical mystique, and both are tied up with Richard Wagner, whose political, racial and musical theories have accounted for almost as many books as the Bible.

The Master's Monument

Every music lover has to attend the Bayreuth Festival at least once. That is where the Master told, creating His monument for the sole performance of His works. After the performance, the conductor and singers are the best of the world to offer (which may not mean much in this era of poor Wagner singing). The festival is still run by members of the Wagner family. Wolfgang Wagner, the composer's grandson, is still on the premises.

Friedelind Wagner, another grandchild, used to run master classes at Bayreuth. She was a maverick Wagner, always fighting with her mother and her two brothers. She left Germany for England during World War II and currently resides there. She was an anti-Nazi, and she delighted in rocking the boat during her Bayreuth years. At one festival, 20 years ago, she rounded up her class on July 4. There were about a dozen, nearly all Americans, and a dozen who were not black were Jewish. Friedelind brought them to the festival grounds, lined them up and proceeded to conduct them in an a cappella performance of "The Star-Spangled Banner." It was a gesture not universally admired.

Bayreuth has its protocol, and unsophisticated visitors will do well to learn it. For one thing, save applause for the end of an act. For

another thing, never applaud anywhere at a "Parsifal" performance. In any case it is much better to run out directly after the acts. The lines for *Wagner* and beer can get very long, and the earlier you get to the counter, the quicker you will be served. It also often rains at Bayreuth. Bring a raincoat.

Of course, a music journalist can do things that the general public cannot. I once sat in the orchestra at a Bayreuth Festival for an entire act of "Götterdämmerung." That is possible because Wagner had a scrim placed over the orchestra pit. The musicians and conductor were not to be seen; attention was to be focused only on the stage. The scrim also deadens the acoustics somewhat, but that is another story. At this "Götterdämmerung," I was seated among the first violins, and the player next to me was having trouble. I thought he was using a bad instrument, but he was not. He was gasping, he would start a phrase and then put his violin on his lap. Rudolf Kempe, the conductor, was greatly concerned, but there was nothing he or I nor anybody else could do. At the end of the act the violinist was carried out. It turned out to be acute indigestion.

Food Problems

Food is always a problem at music festivals. At the Munich Opera Festival, performances start early, at 7 p.m. or even earlier for Wagner. That means an early or a late dinner. But many do not like to eat at an early hour — and after the performance, many restaurants are closed. Or the open ones are filled. Make reservations if you can.

In Glyndebourne they handle the food problem differently. Food is available on the premises, but not to be seen; attention was to be focused only on the stage. The scrim also deadens the acoustics somewhat, but that is another story. At this "Götterdämmerung," I was seated among the first violins, and the player next to me was having trouble. I thought he was using a bad instrument, but he was not. He was gasping, he would start a phrase and then put his violin on his lap. Rudolf Kempe, the conductor, was greatly concerned, but there was nothing he or I nor anybody else could do. At the end of the act the violinist was carried out. It turned out to be acute indigestion.

At the Vienna Festival (May 8

to June 13) the big attraction is the Vienna State Opera, one of the great opera houses of the world. Tickets should be arranged in advance. At intermission one joins the stately counterclockwise procession in the big salon containing the "Magic Flute" tapestries. For music lovers, that may be even more interesting than the performance. The repertoire is generally standard, with much the same casts that one encounters in London, New York or Milan.

Floating Stage

More fun is the Volkoper, the home of operetta. Of course "Die Fledermaus" or "The Gypsy Baron" or the other Johann Strauss favorites are always around. But so is "Kiss Me Kate" in a prime Viennese accent, and you've never lived until you have heard "Brush up your Shakespeare" come out as "Schlag nach bei Shakespeare... und du siegst mit jeder Frau." As a matter of fact, Viennese operetta at the Volkoper can be a revelation. They have cast with real voices as well as acting ability, and the tradition is so thick that one can all but reach out and caress it.

Talking about Johann Strauss,

the Brezegg Festival (July 21 to Aug. 2) is doing "The Gypsy Baron" on the floating stage on Lake Constance. Brezegg officials give you amazing stories about the acoustic effect of the water, how one can hear a pin drop. What they do not mention are the loudspeakers all over the place, with resultant hi-fi sound in its more hideous aspects. Yet there is something relaxing about hearing light music in such a lovely locale.

The Salzburg Festival (July 25 to Aug. 30) takes place in the city where Mozart was born and is one of the most glamorous and expensive of European music festivals. There is something ironic about the fact. Mozart hated Salzburg, got out as soon as he could and never returned. The place had been given for him, made as he would by the fact that he was literally booted out on his backside by a functionary of the archbishop. Salzburgers do not like to be reminded of that. Mozart is big business in Salzburg. You can buy Mozart cookies and candies, Mozart busts, replicas of Mozart scores,

Mozart postcards, Mozart everything.

At the Salzburg Festival Herbert von Karajan holds forth, and his name commands tickets up to \$140. That does not prevent sold-out houses in the unattractive, acoustically poor Grosses Festspielhaus, a house that is too wide in relation to its length and which has been forced to fall back upon "assisted resonance," which means electronic help.

The city is a madhouse during the festival weeks, with *lederschlappen* Austrians and Germans and sportshirts Americans tramping the streets, and desperate hotels trying to maintain a shred of service. This year the lineup is as prestigious as ever. Salzburg is a small town, and music lovers who stay for the entire festival are sure to meet some of the musicians. This can mean added hero worship or, on the other hand, a letdown. Not all famous musicians are charming, intelligent or good looking. But one thing they do superbly well is gossip, and if you become friends, or even passing acquaintances, you are going to hear marvelous malicious stories over dinner or at a bar about the foibles of their colleagues, including those of "unser Karajan."

Czech Mates

That often is one of the nicest things about festival hopping: making new friends. You can even do that at Soviet-bloc festivals. At the Prague Spring (May 12 to June 4), for instance, you will not only hear lovely offbeat operas by the Czech heroes Smetana, Dvorak and Janacek. The chances are that you will also come into contact with Czech intellectuals, who love to talk. Such talk is, of course, dangerous, but that has never stopped Czechs, although in the present climate they will be very guarded until they size you up and know you are not a blabbermouth. If you gain their confidence you will come away knowing a great deal more about that unhappy country, as well as having been exposed to a great deal of Czech music. The last time I was there I met a man in the film industry who briefed me on Czech filmmaking and politics and took me through the studios. What he told me about his Communist masters is unprintable.

Highlights of '82 Fêtes — Part 1

International Herald Tribune

PARIS — Following is the first of a series of listings of some of this year's music and arts festivals:

Chichester (In Sept. 25): The 21st season of the Festival Theatre offers Shostakovich's "The Gamblers," with Glynn Jones and Keith Mitchell; Sandy Wilson's musical "Valmouth," with Fenella Fielding and Robert Heppner; a new play, "Cavell," by Keith Baxter, with John Plowright; and "Goodbye Mr. Chips," a new musical by Leslie Brice based on James Hilton's novel, with John Mills (Frederic March) in the title role. Chichester, West Sussex, PO19 4AP, England.

Bordeaux (May 7-23): Georges Bizet will be represented for the centenary of his birth in an exhibition at the Galerie des Beaux-Arts and in the sets and costumes of a ballet program to music by Milhaud and Auric. Musically, there will be operas by Bach, Mendelssohn, Haydn and Rachmaninov, and recitals by Simon Estes, Salvatore

Accardo, Paul Badura-Skoda, Viktor Tretyakov, Gold and Fiedler and others. (Maison de la Culture, Grand-Théâtre, 33074 Bordeaux, or 286 Boulevard Saint-Germain, F-75007 Paris, France.)

Vienna (May 8-June 13): Haydn's 250th birthday is being celebrated in the concert hall, starting with the oratorio "The Creation" by Michael Haydn. Other highlights of the program are symposiums and recitals marking the 150th anniversary of Goethe's death, a Festival of Clowns, Andre Heller's "Concertante," and retrospectives of Charlie Chaplin and

Elisabeth Bergner, and a "Paris 1960-1980" exhibition. (Wiener Festwochen, Friedrich Schmitt Platz 4, A-1080 Vienna, Austria.)

Florence (May 9-July 4): The 45th Maggio Musicale offers a Scavinsky ballet, "The Bill and 'The Rake's Progress,' Prokofiev's "Benedictus at the Monastery," the world premiere of Rossini Pizzetti's "The Drammer," the Nederlandse Dans Theater, along with a program of orchestral concerts and recitals. (Teatro Comunale, Corso Italia 16, I-50123 Florence, Italy.)

Prague (May 12-June 4): The National Theater lists as its main event, Smetana, Forster and Kaskal, among others, as well as guest appearances by the Nederlandse Dans Theater and Moscow's Bolshoi Ballet. Other highlights of the program are symposiums and recitals marking the 150th anniversary of Goethe's death, a Festival of Clowns, Andre Heller's "Concertante," and retrospectives of Charlie Chaplin and

Wiesbaden Bach Festival (May 19-24): The program ranges from "Bach Cantatas as Baroque Opera" to a "Bach Revue" of adaptations in jazz, rock and pop form, with a busy monthly-Bach schedule in between. (Bachfest, Rathaus, 6700 Wiesbaden, West Germany.)

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Market Summary									
May 6, 1982									
Dow Jones Averages									
	Open	High	Low	Close	Change				
30 Ind.	861.57	865.17	858.17	862.17	+6.60				
Ind. Comp.	116.57	117.17	115.17	116.17	+0.60				
500 Stk.	348.57	351.17	345.17	349.17	+6.60				
Market Diaries									
NYSE					AMEX				
Volume	Open	High	Low	Close	Volume	Open	High	Low	Close
1,071,171	127.17	127.17	127.17	127.17	1,071,171	127.17	127.17	127.17	127.17
Vol. Up	4,647				Vol. Up	4,647			
Vol. Down	12,911				Vol. Down	12,911			
Unch.	1,066,524				Unch.	1,066,524			
New Issues	11				New Issues	11			
NYSE Most Actives									
Symbol	Open	High	Low	Close	Change				
IBM	127.17	127.17	127.17	127.17	+0.60				
AT&T	127.17	127.17	127.17	127.17	+0.60				
GE	127.17	127.17	127.17	127.17	+0.60				
AMT	127.17	127.17	127.17	127.17	+0.60				
GO	127.17	127.17	127.17	127.17	+0.60				
NYSE Index									
Composite	Open	High	Low	Close	Change				
NYSE	127.17	127.17	127.17	127.17	+0.60				
Ind. Comp.	116.57	117.17	115.17	116.17	+0.60				
Transp.	14.50	14.50	14.50	14.50	+0.60				
Standard & Poors Index									
Composite	Open	High	Low	Close	Change				
Standard & Poors	127.17	127.17	127.17	127.17	+0.60				
Ind. Comp.	116.57	117.17	115.17	116.17	+0.60				
Transp.	14.50	14.50	14.50	14.50	+0.60				
AMEX Most Actives									
Symbol	Open	High	Low	Close	Change				
IBM	127.17	127.17	127.17	127.17	+0.60				
AT&T	127.17	127.17	127.17	127.17	+0.60				
GE	127.17	127.17	127.17	127.17	+0.60				
AMT	127.17	127.17	127.17	127.17	+0.60				
GO	127.17	127.17	127.17	127.17	+0.60				
AMEX Stock Index									
Composite	Open	High	Low	Close	Change				
AMEX	127.17	127.17	127.17	127.17	+0.60				
Ind. Comp.	116.57	117.17	115.17	116.17	+0.60				
Transp.	14.50	14.50	14.50	14.50	+0.60				
Odd-Lot Trading in N.Y.									
Symbol	Open	High	Low	Close	Change				
IBM	127.17	127.17	127.17	127.17	+0.60				
AT&T	127.17	127.17	127.17	127.17	+0.60				
GE	127.17	127.17	127.17	127.17	+0.60				
AMT	127.17	127.17	127.17	127.17	+0.60				
GO	127.17	127.17	127.17	127.17	+0.60				
Dow Jones Bond Averages									
Symbol	Open	High	Low	Close	Change				
NYSE	127.17	127.17	127.17	127.17	+0.60				
Ind. Comp.	116.57	117.17	115.17	116.17	+0.60				
Transp.	14.50	14.50	14.50	14.50	+0.60				

(continued on Page 14)

BUSINESS NEWS BRIEFS

Compiled From Agency Dispatches

BMW Cuts Payout, Citing Profit Fall

MUNICH — Bayerische Motoren Werke said Thursday that it will cut its dividend on 1981 results to nine Deutsche marks from 10 DM a year earlier.

A spokesman for the company later disclosed that BMW's parent company for 1981 fell 9.4 percent from a year earlier to 145 million DM. The automaker also said it plans to raise 160 million DM through a one-for-five rights issue at 80 DM per 50-DM share. The issue would raise BMW's nominal capital 100 million DM to 600 million DM.

Hong Kong Container Unit Planned

HONG KONG — Far East Consortium and Sea-Land Orient said Thursday that they have formed a joint venture to build a six-story container freight terminal here for one billion Hong Kong dollars (\$170 million).

The terminal, which is to have room for 1,800 containers, will be the largest of its kind in the world, the companies said. Sea-Land, a unit of R.J. Reynolds Industries of the United States, owns 51 percent of the venture, and Far East the remainder. Far East, a Hong Kong property developer, is the project's contractor.

The first section is scheduled to open by December, 1983, and the terminal is due to be complete in early 1986. The project is to be built over Sea-Land's present storage area; half of the cost is for eight acres of land there.

Du Pont to Build Luxembourg Plant

WILMINGTON, Del. — Du Pont said Thursday that it plans to build a \$55-million plant in Luxembourg to produce hyetel polyester elastomer, a specialty engineering thermoplastic.

The plant, due to open in 1984, will serve markets in Europe, the Middle East and Africa and will double the company's capacity for making hyetel, Du Pont said.

BP Calls 1st Quarter Disappointing

LONDON — The first quarter of 1982 has been very disappointing for British Petroleum, the company's chairman, Peter Walters, said at the annual meeting Thursday.

He cited an oversupply of crude, severe weather and the worldwide recession and said that, in contrast to previous years, the company will have no inventory profits to include in early 1982 results. But market indications over the last few weeks suggest that oil prices may well have stabilized, Mr. Walters said.

Tosco Expects \$100-Million Gain

NEW YORK — Tosco has said that the sale of its 40-percent interest in the Colony shale oil project to Exxon will contribute about \$100 million, or \$4 a share, to net income.

Tosco's disclosure Wednesday came two days after Exxon, which has a 60-percent stake, said it was ending the project because it had become too costly. Tosco later said it was exercising its right to sell its interest to Exxon. Tosco said it will make a special distribution to shareholders but has not decided on the form and amount.

Bankers Rebuke U.S. On Exchange Policy

By Carl Gewirtz

International Herald Tribune

PARIS — The United States should pay greater attention to the international effects of its economic policies, an international panel of financial experts said Thursday.

The mildly worded rebuke was issued by the "New York-based Group of Thirty," an unofficial panel of current and former central bankers, prominent commercial bankers and economists.

The statement was timed to coincide with a flurry of international meetings in prelude to the June 4-6 economic meeting in Versailles, France, of the heads of state of the United States, Canada, Japan, West Germany, France, Britain and Italy. The first of these is the annual ministerial meeting of the Organization for Economic Cooperation and Development, which will bring together treasury secretaries and ministers of finance and economics from 24 industrial countries in Paris Monday and Tuesday.

Need for Balance

The group asserts that "the United States should pay more attention to exchange rate considerations in framing its domestic policies, and, in particular, to avoiding an unbalanced mix of monetary and fiscal policies."

The thrust of the paper is that governments need to have a proper mix of fiscal (spending and tax) and monetary (interest rate) policy and should stand ready to intervene when market forces push exchange rates "out of line with sustainable current- and capital-account positions."

The introduction to the statement notes that while some members of the group "might wish to express these points differently, we all agree with the broad lines of analysis and conclusions." It adds that the "absence of specific reservations on particular points does not necessarily imply support by every individual member."

This disclaimer was cited by Henry Wallach, an observer rather than a full member of the panel, when asked if the statement represented a change in his view. Mr. Wallach, a governor of the Federal Reserve Board, said he agreed on the need for a better policy mix and a reduction in the U.S. budget deficit, preferably through less spending rather than higher taxes.

But he rejected the notion that U.S. policy was not aimed at the general international welfare, contending that "our policies perfectly correspond to good international effects by bringing inflation down." A smaller deficit, he allowed, would help lower interest rates and "would make for less extreme fluctuations" in exchange rates.

But, he added, the Group of Thirty statement "leans more to intervention than I would."

The extreme volatility of exchange rates in recent years has become a source of increasing friction.

An annoyance for Europe is the Reagan administration's policy of "minimal" intervention in the foreign exchange market, allowing the dollar to find its own level and standing ready to intervene only to counteract what it considers erratic moves.

In the meantime, the currency market has been buffeted by high U.S. interest rates and fears that these may be driven higher by huge U.S. budget deficits.

The high interest rates have helped cut U.S. inflation from the 1970s to about 4 percent a year. But the group notes that "exchange rates are influenced not only by actual developments in interest rates, current balances and differences in countries' productivity and inflation performance, but also by expectations about the future course of these variables."

And expectations "tend to be loosely held, strongly influenced by current events and subject to 'bandwagon' behavior," the group says. As a result, it says, "market operators have increasingly tended to take a short-term view," and thus "the sort of fairly extended periods of unduly high or low levels of major currencies which have caused concern over the last few years are likely to continue."

The economic distortions resulting from erratic exchange rates, the report adds, "have served to retard the whole level of production and subsidization in the industrialized world" and put special pressure on smaller countries whose economies are "widely exposed to foreign competition."

Thus, the panel says, it is necessary to convince the United States and Japan that it is "both in their own and in the common longer-term interest to give more weight to avoiding extended periods of unduly high or low exchange rates."

Broker Plan for U.S. S&Ls Cleared

United Press International

WASHINGTON — In an historic widening of the powers of saving and loan associations, the Federal Home Loan Bank Board Thursday approved their formation of a nationwide network of brokerage services.

The board granted permission to savings and loans in Florida, California and Washington, D.C., to create a brokerage subsidiary to be called the Savings Association Investment Securities.

The corporation will be a member of The National Association of Securities Dealers and will pay its salesmen by salary rather than commission.

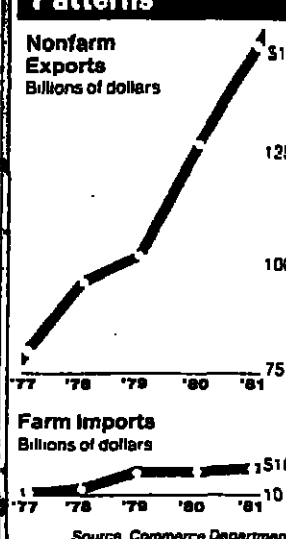
An additional 30 savings and loans are believed ready to join the corporation in the near future and another 300 already have expressed interest, according to industry officials.

"You can buy and sell stocks, bonds and this sort of thing and operate a brokerage business," Richard Pratt, chairman of the Federal Home Loan Bank Board, said.

The step was one of the biggest yet to deregulate the ailing thrift industry by its major government regulatory agency. "You'll probably find the pendulum swinging," Mr. Pratt told reporters. "How far it goes in the direction of deregulation I don't think we can say yet."

To Our Readers
Swiss Franc currency rates at Zurich were not available Thursday because of problems at the source.

Japan's Trade Patterns



Workers inspecting mandarin oranges on a conveyor belt at a packing plant in Japan.



Trade Issue Divides Japanese

By Steve Lohr

New York Times Service

TOKYO — No guns have been brandished nor shots fired, but a "bloodless war," as one government official put it, is raging in Japan.

At odds in the battle are the nation's two most powerful political constituencies: the business community and the agricultural lobby. It is big business, especially representatives of export-dependent manufacturing industries, versus small farmers — the most efficient sector of the Japanese economy against the least efficient.

The conflict shows that while Japan may be more tightly knit than most Western nations, it by no means speaks with one voice. Nor is its govern-

ment immune to the claims of special-interest groups or the realities of partisan politics.

The issue is whether Japan should open its market further to foreign agricultural products. Japan maintains import quotas, not authorized by the General Agreement on Tariffs and Trade, on 22 farm items, including beef and oranges.

One official at the Ministry of International Trade and Industry said, "We've got to do something substantive and visible in the agricultural area."

For their part, the farmers argue that they may be unfairly sacrificed for the sake of the industrial exporters. Last Friday, 8,000 farmers went to To-

(Continued on Page 15, Col. 2)

Bundesbank Reduces Key Interest Rate

From Agency Dispatches

BERLIN — The Bundesbank's central council announced Thursday that it was ending its special Lombard rate, currently at 9.5 percent, and would reintroduce its normal Lombard facility at 9 percent, effective Friday.

Bundesbank President Karl Otto Pöhl said that the abolition of the special Lombard had a "symbolic value" and signifies success in decoupling West German monetary policy from those of other countries.

The improvement in the West German current account, as well as success in fighting inflation, has boosted confidence in the Deutsche mark and allowed the Bundesbank to continue its gradual relaxation of credit policies, Mr. Pöhl told a news conference after the council's meeting in West Berlin.

The special Lombard rate was introduced in February, 1981, when the Deutsche mark was under pressure from a strong dollar and other currencies. It was initially set at 12 percent but since October has been lowered in four stages.

Mr. Pöhl also expressed hopes that U.S. interest levels would decline, but he doubted that major industrialized countries would orchestrate a general cut in rates at the economic summit in Versailles, France, in early June.

Thursday's widely expected action was designed to speed the country's economic recovery and reduce unemployment and was welcomed by government leaders in Bonn.

Manfred Lahnstein, the new finance minister, said the central bank's action would help to improve the investment climate and create jobs. He added that he expected that the fall in interest rates since last autumn could continue.

The regular Lombard facility,



Manfred Lahnstein

under which banks borrow funds against securities as collateral, requires that the full central bank council grant its approval before the rate is changed. The special Lombard gave the Bundesbank discretion to change the Lombard rate at its own discretion.

On Wednesday, two key Dutch official interest rates were cut half a percentage point in what Dutch money dealers and economists said was an indication of the impending interest rate cut in West Germany.

In Zurich, however, a National Bank spokesman said the Swiss are under no pressure to follow West German and Dutch central banks with cuts in key interest rates. On several occasions, key rates cut by the West German, Dutch and Swiss central banks have been coordinated.

West Germany's surplus in overall balance of payments widened to 1.58 billion Deutsche marks in March from an unrevised 313-million-DM surplus in February but was down from a 3.14-billion-DM surplus in March, 1981, the Bundesbank said Thursday.

But in first quarter of 1982, the overall balance of payments showed a deficit of 423 million DM compared with a 2.13-billion-DM surplus in the same 1981 period, it said.

Dollar Eurobonds Post Gains in Brisk Dealing

Reuters

LONDON — Fixed-rate and zero-coupon dollar Eurobonds ended sharply higher Thursday after a day of active trading, dealers said.

Fixed-coupon bonds met strong demand at the outset of trading following news of U.S. Senate budget committee approval of a White House-backed plan to cut the projected 1983 budget deficit.

Most issues ended with gains of over one point.

Dealers said the firmer trend was underpinned by lower Euro-dollar deposit rates, which eased throughout the day and closed around 14 point lower.

Japanese convertibles also were higher following sharp rises in underlying Tokyo stocks on the firmer yen.

European institutions continued to turn to Japan for the low interest rates offered there.

EDF Loan
The European Economic Community will float its first Samurai bond, for 20 billion yen over 10 years, on the Japanese capital market this month, lead manager Daiwa Securities Co. said Thursday in Tokyo.

The underwriting syndicate is still negotiating the terms with the borrower and a contract is expected to be signed May 14.

In the first loan by a French borrower to be syndicated solely

among Japanese institutions. Electricite de France, the French power corporation, has awarded a mandate to Nippon Credit Bank to raise a 10-billion-yen, 10-year syndicated loan, Nippon Credit said.

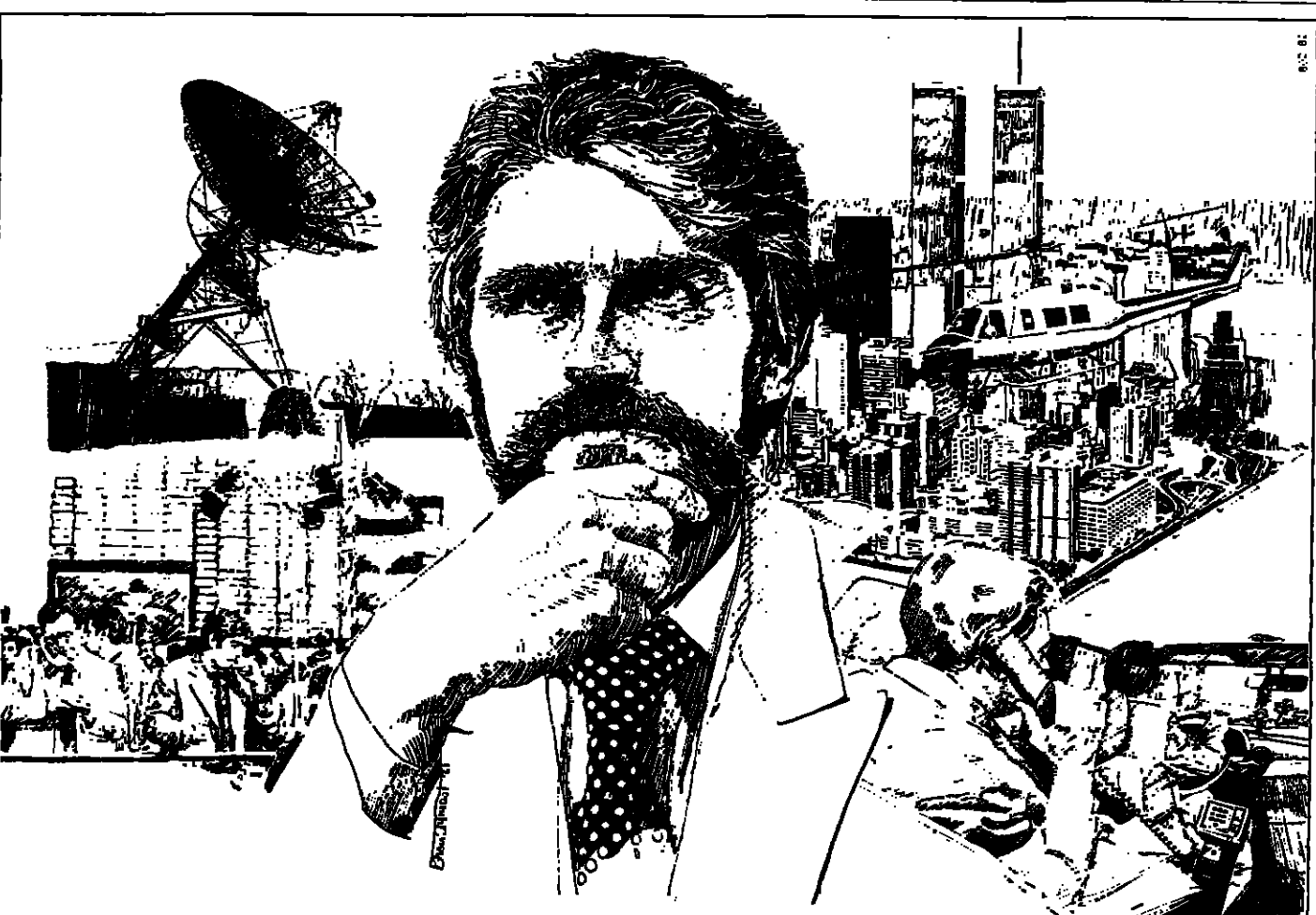
The loan will have a five-year grace period and is expected to carry interest at 0.2 points over Japanese long-term prime lending rate at the time of drawdown, with a commitment fee of 3/4 percent. The long-term rate is currently 8.4 percent.

An agreement on the loan is likely to be signed later this month or in early June, the bank said.

And Eurofima, the European railway finance corporation, has signed an agreement in Zurich to borrow 10 billion yen from a Japanese syndicate of 14 banks and life insurance companies, the Industrial Bank of Japan said in Tokyo as manager and agent. It did not disclose the interest rate, but said the eight-year loan will carry a fixed rate linked to Japanese long-term prime lending rate.

Also in Tokyo, the World Bank signed an agreement to borrow 25 billion yen in two tranches from a syndicate of Japanese trust banks, Sumitomo Trust and Banking Co. said as lead manager.

The first tranche of 15 billion yen over 10 years carries interest at 0.1 points over Japanese long-term prime rate. The second, of 10 billion yen over 15 years, bears interest at prime rate plus 0.3 of a percentage point, Sumitomo said.



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Geographically, too, we work mainly in areas where we have something special to offer — starting with the USA, where Republic is one of the 25 largest banks, ranked by order of deposits. It also includes a number of less familiar

countries, where our exceptional knowledge of local conditions can be an important advantage for clients.

As members of the Trade Development Bank Holding Group, we're distinctly traditionalist in our basic policies. At the heart of our business is the maintenance of a strong and diversified deposit base. Our portfolio of assets is also well-diversified, and it is a point of principle with us to keep a conservative ratio of capital to deposits and a high degree of liquidity — sensible strategies in these uncertain times.

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RNB — an exceptional bank for the man with exceptional goals.

RNB: US\$ 7.9 billion in total assets; US\$ 335 million in stockholder's equity, as of March 31, 1982.
TDB Holding Group: US\$ 12.1 billion in assets; US\$ 920 million in capital and loan funds employed, as of December 31, 1981.

Republic National Bank of New York — the 25th largest bank in the USA, ranked by order of deposits. Affiliates and representatives in Geneva, London, Luxembourg, Monte Carlo, Paris, Hong Kong, Singapore and 19 other cities around the world.

Republic National Bank of N.Y.

Member of Trade Development Bank Holding Group

Shown at left, head office of Republic National Bank of New York, at 452 Fifth Avenue. Republic now has 32 branches in the New York area.

Member FDIC

NYSE Nation-wide Trading Closing Prices May 6

Tables include the nationwide prices up to the closing on Wall Street.

12 Month Stock High Low Div. in 5 Yld P/E 100s High Low Out. Close	12 Month Stock High Low Div. in 5 Yld P/E 100s High Low Out. Close	12 Month Stock High Low Div. in 5 Yld P/E 100s High Low Out. Close
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Selected Over-the-Counter

NEW YORK (API)	Closing Prices, May 6, 1982
12 Month Stock High Low Div. in 5 Yld P/E 100s High Low Out. Close	12 Month Stock High Low Div. in 5 Yld P/E 100s High Low Out. Close
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Floating Rate Notes

Closing prices, May 6, 1982

Banks	Non Banks
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Other Stock Markets

(Closing prices in local currencies)

Amsterdam	London	Singapore
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FALKLAND "MACHISMO" and STOCK MARKETS

As this copy is being prepared, British planes have launched a massive attack on Port Stanley, the capital of the Falkland Islands, and the British government has announced that it will not negotiate with the Argentine government over the islands. The Falkland Islands are a group of islands in the South Atlantic Ocean, about 300 miles west of Argentina. They were discovered by the English in 1690 and were named after John Falkland, a British diplomat. The islands were taken over by the Argentine government in 1982, and the British government has since been fighting a war to reclaim them. The war has been going on for several months now, and the British have been successful in holding the islands. The Argentine government has been accused of human rights abuses against the Falkland Islanders, and the British government has been accused of not doing enough to protect them. The war has caused a lot of suffering on both sides, and it is hoped that a peaceful resolution can be found soon.

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Unrest in Poland May Complicate Loan Talks

By John Tagliabue

New York Times Service

BONN — The revived unrest in Poland is expected to complicate talks planned this week on the rescheduling of loans and interest payments that Warsaw is due to make this year.

Poland's 1982 debt to Western governments and banks is estimated at \$10.4 billion in principal and interest, including about \$2.5 billion in principal and \$2 billion in interest owed to Western banks.

High-ranking Polish bank officials are expected to meet in London with British bankers on Wednesday, all of the 1982 bank debt, including interest, an unusually late-paying request. They may also seek new loans.

Several non-NATO countries, including Austria and Switzerland, have been softening their attitudes toward aid to Poland. But the new crackdown in Poland could stiffen Western resistance to aid and

harden the views within NATO.

"It can complicate the process," a West German bank official said. "It has immense psychological and possibly political effects."

Secretary of State Alexander M. Haig Jr., in testimony to a Congressional subcommittee this week, restated U.S. resistance to a looser credit policy toward Poland.

An official at the London office of Bank Handlowy, Poland's foreign trade bank, said that the bank's chairman, Marian Minkiewicz, would meet representatives of Poland's British clearing banks.

Mr. Minkiewicz is expected to test the bankers' receptivity to possible new loans to Poland to finance the industrial imports that Warsaw says it needs if it is to repay interest owed this year. Polish officials said that without such help, they might be forced to seek rescheduling of both the principal and interest owed.

Such a full rescheduling would set an unwanted precedent, according to many Western bankers. Particularly in Britain and the United States, rescheduling of the principal of loans is undertaken ordinarily on condition that interest payments be met.

In April, Polish and Western banking officials signed an agreement in Frankfurt to postpone payment of most of the principal owed to Western banks in 1981, but the banks insisted that Poland pay the interest due.

Poland was able to meet the 1981 interest payments partly because Western bank loans to purchase raw materials and semifinished products for industry lessened the demand on Poland's reserves of hard currency.

But after the crackdown in December, member governments of NATO refused to grant direct loans or to guarantee commercial bank loans until Poland returned

to normal. Western bankers generally refuse to grant additional loans without government backing and in coming weeks will be seeking clarification from their governments on export credit policy.

Debt Restructuring Urged

VIENNA (Reuters) — The Creditanstalt-Bankverein said Thursday that it seems sensible to restructure Polish debt after a consolidation phase, rather than rescheduling the amounts falling due each year.

Poland's creditors should ensure in their rescheduling negotiations that the potential of the Polish economy is used, the Austrian bank said, by attaching conditions to any rescheduling and working out an economic program for Poland that would ensure that commitments can be fulfilled according to plan, Creditanstalt said.

NEW ISSUE

These Notes having been sold, this announcement appears as a matter of record only.

APRIL 1982

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U.S. \$50,000,000

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Société Générale de Banque S.A.

Swiss Bank Corporation International

Union Bank of Switzerland (Securities)

Limited

Limited

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Australia

Mini Holdings	1982	1981
Revenue	458.01	570.35
Profits	10.15	94.44

Britain

Royal Bank of Scotland	1982	1981
Revenue	39.5	25.3
Profits	39.5	25.3

Canada

Canadian Pacific	1982	1981
Revenue	2,970.0	2,800.0
Profits	46.7	133.4
Per share	0.65	1.06

France

Fransais des Petroles	1982	1981
Revenue	670.00	5,000.00
Profits	122,750.0	101,400.0

Philippines

Benguet	1982	1981
Revenue	53.4	57.3
Profits	2.00	7.40
Per share	0.08	0.25

United States

General Dynamics	1982	1981
Revenue	1,200.0	1,240.0
Profits	28.3	30.8
Per share	0.51	0.56

West Germany

Siemens	1982	1981
Revenue	18,800.0	15,000.0
Profits	313.0	264.0

Automated Link For OTC Systems Approved by SEC

WASHINGTON — The Securities and Exchange Commission approved automated linkups between the National Association of Securities Dealers' over-the-counter trading system and the Intermarket Trading System.

The six-month pilot program, which will begin May 17, will be used for the 30 most actively traded Nasdaq stocks, SEC said Thursday.

The commission was originally ordered by Congress in 1975 to develop a national market system. The SEC had hoped to implement the linkup by March 1 but problems between the exchanges delayed the project.

But the commission then decided to go ahead with the linkup even though technical problems have not been resolved by the industry. The SEC said it will meet May 13 to offer a proposal on how the linkup should work.

Deere Announces Freeze on Wages

MOLINE, Ill. — Deere & Co. has frozen pay raises indefinitely for its 17,000 U.S. and Canadian salaried workers.

The maker of farm equipment said Wednesday that it took the step, effective last Saturday, "to assure that Deere remains in healthy financial condition." The company also said it has stopped contributing funds to an employee stock-purchase plan and eliminated bonuses.

Last week, Deere forecast a "serious decline" in earnings for the year ending Oct. 31. For fiscal 1981, the company posted earnings of \$251 million, or \$3.79 a share.

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• Capital appreciation.

FINANTER
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Japan's Farmers Fight to Keep Trade Walls

(Continued from Page 13)

kyo to demonstrate against any liberalization of farm quotas. They marched in front of government buildings and chanted: "Don't destroy Japan's agriculture." They then proceeded to the U.S. Embassy and, in English, shouted: "No more beef!" and "No more oranges."

The farm quotas are viewed by Japan's trading partners, particularly the United States, as evidence that Japan does not play the game of international trade fairly. U.S. officials have argued that Tokyo wants access to foreign markets for products in which it has a competitive advantage, but restricts imports of goods in which domestic producers are outmatched.

Steven R. Saunders, assistant U.S. trade representative, said in Washington, "Those agricultural quotas go to the nub of what we have been arguing about all along."

Thus, at a time when Japan's huge trade surplus with Western nations threatens to prompt protectionist steps against Japanese exports, the country's restrictions on agricultural imports are viewed as a symbol that Japan is a "closed market."

Furthermore, the Japanese curbs on farm imports are straightforward and quantitative. In contrast, the much-debated "nontariff" barriers, such as buy-Japanese attitudes — said to be an important factor in keeping foreign goods out of the Japanese market — are often called "invisible" because they

are difficult to measure and often are part of Japanese culture and tradition.

Progress in eradicating the nontariff barriers will necessarily be slow and, like the barriers themselves, difficult to measure. But a significant reduction in the agricultural restrictions would be a clear-cut move that could be very helpful in Japan's efforts to ease trade frictions with its key trading partners.

The difficulty for the ruling Liberal Democratic Party is that it is dependent on the farm vote. The reason, basically, is that while Japan's cities have grown enormously in the past three decades, the voting districts have not been redrawn to reflect sufficiently the population shift. Also, the Liberal Democrats fare best in the rural districts.

Security Cited

In the demonstration in Tokyo last Friday, Shizuma Iwamochi, president of the Central Union of Agricultural Cooperatives, attacked Japan's industrial leaders for "behaving like economic animals" by exporting manufactured goods "without moderation." Mr. Iwamochi assured the farmers that to protect Japan's agriculture he would fight "to the death."

Such demonstrations are not lost on the government. Premier Zenko Suzuki, indeed, is a former minister of agriculture and comes from a village in the north of Japan.

CHASE ECONOMETRICS/I.D.C.

is organizing a Conference at the Palais des Congrès in Paris on May 13 and 14, 1982.

The topic is:

"WORLD ECONOMIC OUTLOOK"

Several speakers will give their opinion including:

- Monsieur MICHEL JOBERT, State Minister, External Trade Minister;
- Monsieur LIONEL OLMER, Under Secretary for Foreign and International Trade.

For information please contact:

Jenny van der Heyde, in Brussels.

Tel: 2 - 511 68 64

or: 2 - 511 11 44

European Gold Markets

	A.M.	P.M.	N.C.
London	260.0	259.0	—
Zurich	260.0	259.0	—
Paris (25/100)	260.0	259.0	—
Official Gold for London, Paris and Luxembourg	260.0	259.0	—
Source: Reuters			

Gold Options (prices in \$/oz.)

Price	May	Aug.	Nov.
300	9.20-11.00	26.00-31.00	—
350	1.20-1.50	16.00-21.00	27.00-32.00
400	1.80-2.00	10.00-11.00	22.00-23.00
450	—	5.00-6.00	17.00-18.00
500	—	4.00-5.00	10.00-11.00

Valeurs White Weld S.A.

1, Quai du Mont-Blanc
1211 Geneva 1, Switzerland
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FUTURES DOW JONES

Through New York Industrial Index Fund Prices in U.S.\$

Month	1st/other quotes	Business done
May 27	14.00 bid/14.00 ask	low/high
May 27	851/852	840/859
May 27	850/850	840/860
May 27	849/851	839/861

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Herengracht 24, AMSTERDAM
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THE BURMAH OIL COMPANY LTD.

7% 1972-1987
Lux.Fr. 500,000,000.—

Holders of the above mentioned loan are hereby informed that the annual instalment of Lux.Fr. 50,000,000.— due June 30th, 1982 has been effected by repurchase in the market so that no drawing by lot will take place.

The principal amount of bonds outstanding after the amortization of June 30th, 1982 will be Lux.Fr. 250,000,000.—

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Paying Agent

Luxembourg, May 7, 1982.

Emirtel اميرتل

The Emirates Telecommunications Corporation Ltd.

The Emirates Telecommunications Corporation Ltd. desires to examine the possibility of standardization of different types of telephone exchange switching system to suit varying conditions within its network. Manufacturers who wish to be considered for this purpose are requested to supply by 10:00 a.m. 31st May, 1982 to Contracts Manager, Emirtel H.O., 5th Floor, Sogex Building, P.O. Box 3838, Abu Dhabi the following information:

1. General description of the system / systems, minimum and maximum economic size of the exchanges for single exchange working as well as in multi-exchange areas presently employing Ericsson AXEIO and Plessey Pentax Systems.
2. The suitability of the system / systems for urban / rural areas employing both analogue and digital transmission links.
3. Supply record of the proposed system / systems in the home country of the manufacturer and abroad separately.
4. Budgetary prices for different configurations and sizes of exchanges.
5. Any other relevant information.

The system proposed should preferably be based on SPC concept and fully tried for their suitability in different environment.

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Our performance builds on a strong commitment to innovation through research and a superior financial condition.

Performance 1981

	SFr. Million	+/- %
Sales	5 766	+ 18
Net Earnings	227	+ 12
Cash Flow	543	+ 11
Capital Investment	305	+ 19
Research + Development	463	+ 12
		%
Total assets	6 059	100
Equity	3 418	56
Debt	1 029	17
Liquid Funds	1 127	19

Sales by activity

	%
Dyestuffs/Chemicals	24 %
Pharmaceuticals	48 %
Agro Seeds	6 %
Food	11 %
	11 %

Sales by region

	%
Africa/Australia	5 %
Latin America	10 %
Asia	15 %
North America	25 %
Europe	45 %

SANDOZ

Please send your copy of the 1981 Annual Report to:

Dr. Hansjörg Wyss, President, Sandoz AG, CH-4002 Basel, Switzerland

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Dr. Hansjörg Wyss, President, Sandoz AG, CH-4002 Basel, Switzerland

Dr. Hansjörg Wyss, President, Sandoz AG, CH-4002 Basel, Switzerland

AMEX Nationwide Trading Closing Prices May 6

Tables include the nationwide prices up to the closing on Wall Street.

12 Month Stock High Low Div. In S Yld. P/E 100s. High Low Quot. Close	12 Month Stock High Low Div. In S Yld. P/E 100s. High Low Quot. Close	12 Month Stock High Low Div. In S Yld. P/E 100s. High Low Quot. Close	12 Month Stock High Low Div. In S Yld. P/E 100s. High Low Quot. Close
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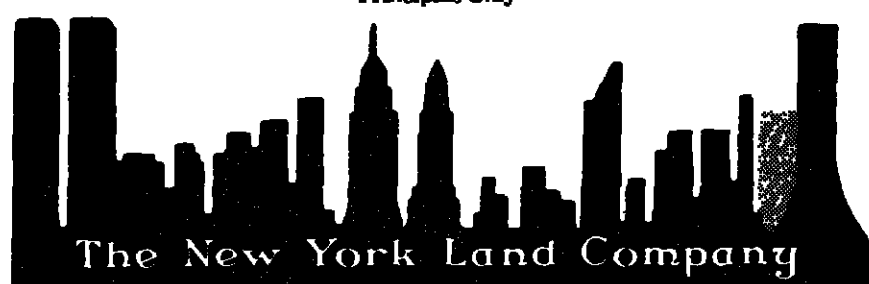
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AMEX Nationwide Trading Closing Prices May 6

Tables include the nationwide prices up to the closing on Wall Street.

(Continued from Page 16)

Stock	High	Low	Open	Close	Change
100 AMCA Int	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 AMCA Int	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 AMCA Int	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 AMCA Int	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
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100 AMCA Int	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 AMCA Int	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 AMCA Int	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 AMCA Int	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 AMCA Int	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4

U.S. COMMODITY PRICES

Commodity	High	Low	Open	Close	Change
100 Bushels of Wheat	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 Bushels of Wheat	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 Bushels of Wheat	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 Bushels of Wheat	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 Bushels of Wheat	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 Bushels of Wheat	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 Bushels of Wheat	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 Bushels of Wheat	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 Bushels of Wheat	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4
100 Bushels of Wheat	12 1/2	12 1/4	12 1/4	12 1/4	+ 1/4

London Metals Market

(Prices in sterling per metric ton)

(Silver in pence per troy ounce)

May 6, 1982

High bid

Low bid

Previous

Settled

May 5, 1982

High bid

Low bid

Previous

Settled

May 4, 1982

High bid

Low bid

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Settled

May 3, 1982

High bid

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Settled

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May 1, 1982

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Low bid

Previous

Settled

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High bid

Edited by Eugene T. Maleska



BOOKS

Dial Press, 1 Dag Hammarskjöld Plaza, New York, N.Y. 10017.

Reviewed by Le Anne Schreiber

It has been almost 20 years since Sylvia Plath passed herself in a London flat and became a myth of uncertain meaning. Martyr to some. Bitch goddess to others. To most, a patron saint of pain to be placed on the dashboard of our battered notions about what it is to be a woman and a poet. For two decades we have made her memory serve our purposes. Now perhaps, with the long delayed publication of her diaries, we can begin reckoning with the woman herself.



Sylvia Plath

I say again, because these journals — made available by Plath's husband, the poet Ted Hughes — are a very truncated and no doubt censored version of the diaries Plath began keeping as a child and continued to keep until three days before her death on Feb. 11, 1963. In his curiously impersonal foreword, Hughes notes that "about a third of 'the whole bulk' that is now in the Neilson Library at Smith College. Of the two notebooks that covered the last three (and most productive) years of Plath's life, he writes: 'I destroyed (only) because I did not want her husband to read it and (if) she died, regarded her giftlessness as an essential part of survival.' The other disappeared."

Still, as maddeningly incomplete as they are, these journals are a revelation. Most strikingly, where one expects morbidity, one finds instead an almost cheerful acceptance of life. In the earliest entries here, made the summer before she entered Smith, Plath writes of her "consuming desire to mingle with road crews, sailors and soldiers, barroom regulars. . . . I want to be able to sleep in an open field, to travel westerly, to walk freely at night."

Her enemies are time — "the mocking tick: A Life Is Passing, My Life," and men, because both would rob her of her experience. "I grow old, inevitable," she writes as a college freshman, "is jealousy. I am jealous of men — a dangerous and subtle envy which can corrode, I imagine, any relationship. It is an envy born of the desire to be active and doing, not passive and listening."

Her weapon against time and men will be her writing. "I cannot live for my life," she writes, "the words which stay the flux." And: "I will not submit to having my life fingered by my husband, enclosed in the larger circle of his activity, and nourished by tales of his actual exploits. I must have a legitimate field of my own."

as the justification of her existence. "After all, I always is to find "any true deep voice." Her fear is that she has been permanently misplaced. Jan 14, 1959: "Something deep, plunging, is held back. Voice frozen." Feb. 19, 1959: "What inner decision, what inner murder or prison break must I commit if I want to speak from my true deep voice in writing and not feel that I am finding a numb, a guarded fancy-facade of dumb dumb, wordage?"

She uses the diary as a whip, accusing herself of indulging in "bland life-dyke archness," "archaic cliche tricks," "exotic-romantic glory glorio slop." The irony is that the voice she was trying for was the voice that was not heard until the posthumous publication of the poems she had written in the last months before her death, is present in these diary entries from the beginning. In a raw state, to be sure. And only fitfully.

But while she was looking to D.H. Lawrence, Dylan Thomas, Theodore Soderstrom, and the like, she was practicing a kind of ventriloquism that made her doubt her talent and even her existence, her own voice was

pouring itself out in these journals. Their publication makes one feel more keenly the loss of a woman who would have been 50 years old this fall. One last thing. Among the sundry unexpected pleasures of these diaries is a brief account of a dream in which Marilyn Monroe appears to Plath as "a kind of fairy godmother." Marilyn Monroe gives Sylvia Plath: "an expert manicure," offers her advice on hair-dressers, and then invites her for a visit during the Christmas holidays, promising a new, flowering life."

Le Anne Schreiber is on-the staff of the New York Times.

Whitney Museum Keeping a Calder

NEW YORK — Alexander Calder's "Circus," a whimsical wire-and-cloth troupe of big top performers and animals, will remain at the Whitney Museum of American Art because of a \$625,000 gift made Wednesday, officials said.

The gift from the Robert Wood Johnson Jr. Charitable Trust meets a \$1.25-million goal the museum had to reach to keep the work, which dates from 1926. The sculptor died in 1976 and the executors of his estate needed the money to settle taxes he owed in France and the United States.

The museum owns the most comprehensive collection of Calder's work in the world, including more than 50 pieces.

BRIDGE

By Alan Truscott

COLLECTIONS of deals presented in a fashion that challenges the reader to find the solution are pervasively popular with serious players. The latest in this genre is "Focus on Bridge Defence" by Aksel Nielsen, from which it is easy to infer that the author is Danish and the publisher English.

and finessed the heart queen successfully. He led the spade deuce to his nine, and West produced the jack and cleared the diamonds. Dummy won with the ace and the position was now this:

And those who have met this combination before will expect that the quality and the price will both be the best. The dealer is a man of business and he is not a man of business in Barclay Bridge Supplies, 8 Bush Avenue, Port Chester, N.Y. 10573.

Nielsen began writing about defense play in 1948 and has concentrated on this important subject ever since. He has written 138 deals in championship play, many of them featuring the world's greatest players. The diagramed deal is from his book.

North opened with one diamond to encourage a lead in that suit, but he got no attention and led his third best diamond against three no-trump.

South ducked in dummy, and East won with the king and returned the diamond. The declarer won with the queen

♠ Q1082
 ♥ A Q 4
 ♦ A 9 7
 ♣ A K 6

WEST

J643
 K108
 J10632
 7

♠ K5
 ♥ 763
 ♦ K8
 ♣ Q108532

EAST

SOUTH
 ♠ A 9 7
 ♥ J 9 5 2
 ♦ Q 5 4
 ♣ J 9 4

Both sides were vulnerable. The bid-
 ding:

North	East	South	West
1 N.T.	Pass	1 N.T.	Pass
2 N.T.	Pass	Pass	Pass

West led the diamond three.

South's plan was to make use of the spade suit, and it is easy to see that he was due to take nine tricks. But, unfortunately as it turned out, he had another string to his bow. His first move was to cash the heart ace. If the king fell, he could score extra tricks in the suit before committing himself to a second spade finesse.

And the heart king did fall under the ace, for the Machiavellian West gave a convincing impression of a hand who had started with a doubleton. South can hardly be blamed for missing the nine, and the diamond

WEATHER

#	HIGH			LOW			#	HIGH			LOW		
	C	F	F	C	F	F		C	F	F	C	F	F
ALGARVE	22	72	14	57	Fair		LOS ANGELES	24	75	15	59	Fair	
ALGHIESI	24	73	15	59	Cloudy		MADRID	14	61	51	59	Fair	
AMSTERDAM	22	72	15	59	Showers		MALAGA	24	75	15	59	Cloudy	
ANKARA	18	64	4	37	Fair		MANTOVA	24	73	13	50	Fair	
ATHENS	22	72	14	50	Fair		MIAMI	20	72	11	70	Fair	
AUGUSTA	22	72	14	48	Fair		MILAN	24	75	15	59	Cloudy	
BANGKOK	27	77	28	62	Role		MONTREAL	19	66	10	59	Cloudy	
BERLIN	23	73	16	61	Fair		MOSCOW	20	68	19	30	Cloudy	
BIRMINGHAM	22	72	15	52	Cloudy		MURRAY	21	61	40	50	Fair	
BOSTON	9	48	6	42	Overcast		NAIROBI	22	72	15	59	Cloudy	
BREITENBURG	22	72	16	50	Sunny		NASSAU	29	84	20	68	Fair	
BRIENL	24	74	16	41	Cloudy		NEWARK	24	75	15	59	Cloudy	
BUCHAREST	24	75	18	50	Fair		NEW YORK	27	81	14	57	Cloudy	
BUDAPEST	22	72	13	53	Showers		NICE	24	72	14	54	Fair	
BURBANK	22	72	15	52	Cloudy		OSLO	10	58	3	37	Cloudy	
BUENOS AIRES	22	72	15	52	Cloudy		PARIS	24	75	15	59	Cloudy	
CAIRO	27	81	17	63	Fair		PEKING	27	81	50	50	Foggy	
CAPE TOWN	24	73	14	54	Cloudy		PRAGUE	9	48	4	43	Foggy	
CANTON	22	72	15	54	Cloudy		PRINCETON	21	61	4	25	Fair	
CHICAGO	25	77	16	48	Stormy		RIO DE JANEIRO	23	73	15	59	Fair	
COPENHAGEN	18	58	3	37	Fair		ROME	18	64	16	61	Fair	
COSTA MESA, CALIF.	22	72	15	63	Fair		SAN FRANCISCO	24	75	15	59	Cloudy	
DAMASCUS	24	76	7	45	Cloudy		SEATTLE	18	64	11	61	Fair	
DUBLIN	1	46	1	34	Overcast		SINGAPORE	24	75	15	59	Cloudy	
EDINBURGH	22	72	15	52	Cloudy		SOL	18	64	11	62	Foggy	
FLORENCE	17	63	14	57	Overcast		SHANGHAI	23	77	15	59	Overcast	
FLORANCE	13	55	1	30	Cloudy		ST. LOUIS	27	73	12	72	Fair	
GENEVA	22	72	15	52	Cloudy		STOCKHOLM	10	50	3	41	Overcast	
HAWAII	24	74	12	54	Cloudy		SYDNEY	27	79	17	63	Fair	
HELSINKI	20	68	4	47	Fair		TAIPEI	25	75	15	59	Cloudy	
HONGKONG	22	72	23	59	Overcast		TALLAHASSEE	24	75	15	59	Cloudy	
HOUSTON	21	61	20	48	Stormy		TOKYO	24	75	15	59	Cloudy	
INDIANAPOLIS	27	81	7	45	Fair		TUNIS	24	75	15	59	Fair	
JACKSONVILLE	22	72	15	48	Cloudy		WASHINGTON	24	75	14	54	Foggy	
JALAPA	20	68	18	44	Rain		WASAWA	20	68	10	50	Fair	
JALMA	22	72	16	41	Overcast		WASHINGTON	21	70	11	52	Overcast	
JERSEY CITY	7	45	7	37	Cloudy		ZAGREB	21	61	10	50	Sunny	
LONDON	7	45	3	27	Overcast		ZURICH	8	46	4	39	Foggy	

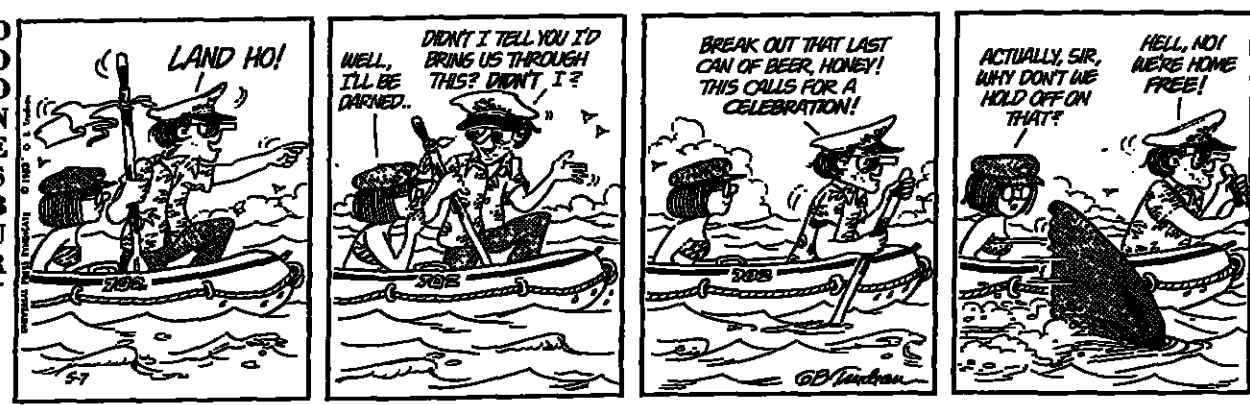
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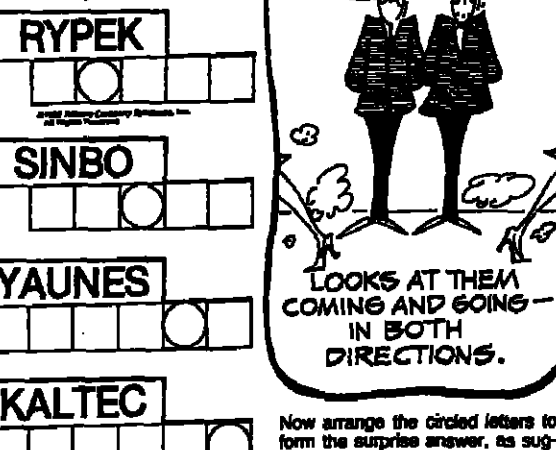
	(1) equity	(2) money	(3) bond	(4) commodity	(5) real estate	(6) foreign	(7) specialty	(8) other
BANK JULIUS BAER & CO. Ltd.								
(1) American	5F	20.66						
(2) Canadian	5F	20.66						
(3) European	5F	20.66						
(4) Global	5F	20.66						
BANK VON ERNST & Cie AG PB 241, Bern								
(1) CHF Fund	5F	16.91						
(2) Swiss Fund	5F	16.91						
(3) Swiss Fund N.V.	5F	11.59						
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(1) Jersey Gift Fund Ltd.	5F	6.07C						
(2) Jersey Gift Fund Ltd.	5F	11.60						
CAPITAL INTERNATIONAL								
(1) American	5F	23.72						
(2) Canadian	5F	23.72						
(3) European	5F	23.72						
(4) Global	5F	23.72						
CREDIT SUISSE								
(1) American	5F	26.00						
(2) Canadian	5F	26.00						
(3) European	5F	26.00						
(4) Global	5F	26.00						
(5) Swiss Fund	5F	13.90						
(6) Swiss Fund	5F	13.90						
(7) Swiss Fund	5F	13.90						
(8) Swiss Fund	5F	13.90						
DIT INVESTMENT FFM								
(1) American	5F	27.70						
(2) Canadian	5F	27.70						
FIDELITY (UK) PLC Box 670, Hamilton, Bermuda								
(1) American Values Composite	5F	26.38						
(2) American Values Composite	5F	26.38						
(3) American Values Composite	5F	26.38						
(4) American Values Composite	5F	26.38						
(5) American Values Composite	5F	26.38						
(6) American Values Composite	5F	26.38						
(7) American Values Composite	5F	26.38						
(8) American Values Composite	5F	26.38						
(9) American Values Composite	5F	26.38						
(10) American Values Composite	5F	26.38						
(11) American Values Composite	5F	26.38						
(12) American Values Composite	5F	26.38						
(13) American Values Composite	5F	26.38						
(14) American Values Composite	5F	26.38						
(15) American Values Composite	5F	26.38						
(16) American Values Composite	5F	26.38						
(17) American Values Composite	5F	26.38						
(18) American Values Composite	5F	26.38						
(19) American Values Composite	5F	26.38						
(20) American Values Composite	5F	26.38						
(21) American Values Composite	5F	26.38						
(22) American Values Composite	5F	26.38						
(23) American Values Composite	5F	26.38						
(24) American Values Composite	5F	26.38						
(25) American Values Composite	5F	26.38						
(26) American Values Composite	5F	26.38						
(27) American Values Composite	5F	26.38						
(28) American Values Composite	5F	26.38						
(29) American Values Composite	5F	26.38						
(30) American Values Composite	5F	26.38						
G.T. MANAGEMENT (UK) LTD								
(1) Berry Pk. Pk. Ltd.	5F	4.04C						
(2) Berry Pk. Pk. Ltd.	5F	4.04C						
(3) Berry Pk. Pk. Ltd.	5F	4.04C						
(4) Berry Pk. Pk. Ltd.	5F	4.04C						
(5) Berry Pk. Pk. Ltd.	5F	4.04C						
(6) Berry Pk. Pk. Ltd.	5F	4.04C						
(7) Berry Pk. Pk. Ltd.	5F	4.04C						
(8) Berry Pk. Pk. Ltd.	5F	4.04C						
(9) Berry Pk. Pk. Ltd.	5F	4.04C						
(10) Berry Pk. Pk. Ltd.	5F	4.04C						
(11) Berry Pk. Pk. Ltd.	5F	4.04C						
(12) Berry Pk. Pk. Ltd.	5F	4.04C						
(13) Berry Pk. Pk. Ltd.	5F	4.04C						
(14) Berry Pk. Pk. Ltd.	5F	4.04C						
(15) Berry Pk. Pk. Ltd.	5F	4.04C						
(16) Berry Pk. Pk. Ltd.	5F	4.04C						
(17) Berry Pk. Pk. Ltd.	5F	4.04C						
(18) Berry Pk. Pk. Ltd.	5F	4.04C						
(19) Berry Pk. Pk. Ltd.	5F	4.04C						
(20) Berry Pk. Pk. Ltd.	5F	4.04C						
(21) Berry Pk. Pk. Ltd.	5F	4.04C						
(22) Berry Pk. Pk. Ltd.	5F	4.04C						
(23) Berry Pk. Pk. Ltd.	5F	4.04C						
(24) Berry Pk. Pk. Ltd.	5F	4.04C						
(25) Berry Pk. Pk. Ltd.	5F	4.04C						
(26) Berry Pk. Pk. Ltd.	5F	4.04C						
(27) Berry Pk. Pk. Ltd.	5F	4.04C						
(28) Berry Pk. Pk. Ltd.	5F	4.04C						
(29) Berry Pk. Pk. Ltd.	5F	4.04C						
(30) Berry Pk. Pk. Ltd.	5F	4.04C						
INTERNATIONAL INCOME FUND								
(1) American Values Composite	5F	1.69C						
(2) American Values Composite	5F	1.69C						
(3) American Values Composite	5F	1.69C						
(4) American Values Composite	5F	1.69C						
(5) American Values Composite	5F	1.69C						
(6) American Values Composite	5F	1.69C						
(7) American Values Composite	5F	1.69C						
(8) American Values Composite	5F	1.69C						
(9) American Values Composite	5F	1.69C						
(10) American Values Composite	5F	1.69C						
(11) American Values Composite	5F	1.69C						
(12) American Values Composite	5F	1.69C						
(13) American Values Composite	5F	1.69C						
(14) American Values Composite	5F	1.69C						
(15) American Values Composite	5F	1.69C						
(16) American Values Composite	5F	1.69C						
(17) American Values Composite	5F	1.69C						
(18) American Values Composite	5F	1.69C						
(19) American Values Composite	5F	1.69C						
(20) American Values Composite	5F	1.69C						
(21) American Values Composite	5F	1.69C						
(22) American Values Composite	5F	1.69C						
(23) American Values Composite	5F	1.69C						
(24) American Values Composite	5F	1.69C						
(25) American Values Composite	5F	1.69C						
(26) American Values Composite	5F	1.69C						
(27) American Values Composite	5F	1.69C						
(28) American Values Composite	5F	1.69C						
(29) American Values Composite	5F	1.69C						
(30) American Values Composite	5F	1.69C						
JARDINE FLEMING POW 70 GPO HK								
(1) American Values Composite	5F	2.43C						
(2) American Values Composite	5F	2.43C						
(3) American Values Composite	5F	2.43C						
(4) American Values Composite	5F	2.43C						
(5) American Values Composite	5F	2.43C						
(6) American Values Composite	5F	2.43C						
(7) American Values Composite	5F	2.43C						
(8) American Values Composite	5F	2.43C						
(9) American Values Composite	5F	2.43C						
(10) American Values Composite	5F	2.43C						
(11) American Values Composite	5F	2.43C						
(12) American Values Composite	5F	2.43C						
(13) American Values Composite	5F	2.43C						
(14) American Values Composite	5F	2.43C						
(15) American Values Composite	5F	2.43C						
(16) American Values Composite	5F	2.43C						
(17) American Values Composite	5F	2.43C						
(18) American Values Composite	5F	2.43C						
(19) American Values Composite	5F	2.43C						
(20) American Values Composite	5F	2.43C						
(21) American Values Composite	5F	2.43C						
(22) American Values Composite	5F	2.43C						
(23) American Values Composite	5F	2.43C						
(24) American Values Composite	5F	2.43C						
(25) American Values Composite	5F	2.43C						
(26) American Values Composite	5F	2.43C						
(27) American Values Composite	5F	2.43C						
(28) American Values Composite	5F	2.43C						
(29) American Values Composite	5F	2.43C						
(30) American Values Composite	5F	2.43C						
LLOYDS BANK INT. POS 48 GENEVA 11								
(1) American Values Composite	5F	4.22C						
(2) American Values Composite	5F	4.22C						
(3) American Values Composite	5F	4.22C						
(4) American Values Composite	5F	4.22C						
(5) American Values Composite	5F	4.22C						
(6) American Values Composite	5F	4.22C						
(7) American Values Composite	5F	4.22C						
(8) American Values Composite	5F	4.22C						
(9) American Values Composite	5F	4.22C						
(10) American Values Composite	5F	4.22C						
(11) American Values Composite	5F	4.22C						
(12) American Values Composite	5F	4.22C						
(13) American Values Composite	5F	4.22C						
(14) American Values Composite	5F	4.22C						
(15) American Values Composite	5F	4.22C						
(16) American Values Composite	5F	4.22C						
(17) American Values Composite	5F	4.22C						
(18) American Values Composite	5F	4.22C						
(19) American Values Composite	5F	4.22C						
(20) American Values Composite	5F	4.22C						
(21) American Values Composite	5F	4.22C						
(22) American Values Composite	5F	4.22C						
(23) American Values Composite	5F	4.22C						
(24) American Values Composite	5F	4.22C						
(25) American Values Composite	5F	4.22C						
(26) American Values Composite	5F	4.22C						
(27) American Values Composite	5F	4.22C						
(28) American Values Composite	5F	4.22C						
(29) American Values Composite	5F	4.22C						
(30) American Values Composite	5F	4.22C						
PARISBAS - GROUP								
(1) American Values Composite	5F	21.04						
(2) American Values Composite	5F	21.04						
(3) American Values Composite	5F	21.04						
(4) American Values Composite	5F	21.04						
(5) American Values Composite	5F	21.04						
(6) American Values Composite	5F	21.04						
(7) American Values Composite	5F	21.04						
(8) American Values Composite	5F	21.04						
(9) American Values Composite	5F	21.04						
(10) American Values Composite	5F	21.04						
(11) American Values Composite	5F	21.04						
(12) American Values Composite	5F	21.04						
(13) American Values Composite	5F	21.04						
(14) American Values Composite	5F	21.04						
(15) American Values Composite	5F	21.04						
(16) American Values Composite	5F	21.04						
(17) American Values Composite	5F	21.04						
(18) American Values Composite	5F	21.04						
(19) American Values Composite	5F	21.04						
(20) American Values Composite	5F	21.04						
(21) American Values Composite	5F	21.04						
(22) American Values Composite	5F	21.04						
(23) American Values Composite	5F	21.04						
(24) American Values Composite	5F	21.04						
(25) American Values Composite	5F	21.04						
(26) American Values Composite	5F	21.04						
(27) American Values Composite	5F	21.04						
(28) American Values Composite	5F	21.04						
(29) American Values Composite	5F	21.04						
(30) American Values Composite	5F	21.04						
ROTHSCHILD ASSET MGMT (ICI)								
(1) American Values Composite	5F	4.87						
(2) American Values Composite	5F	4.87						
(3) American Values Composite	5F	4.87						
(4) American Values Composite	5F	4.87						
(5) American Values Composite	5F	4.87						
(6) American Values Composite	5F	4.87						
(7) American Values Composite	5F	4.87						
(8) American Values Composite	5F	4.87						
(9) American Values Composite	5F	4.87						
(10) American Values Composite	5F	4.87						
(11) American Values Composite	5F							


DOONESBURY



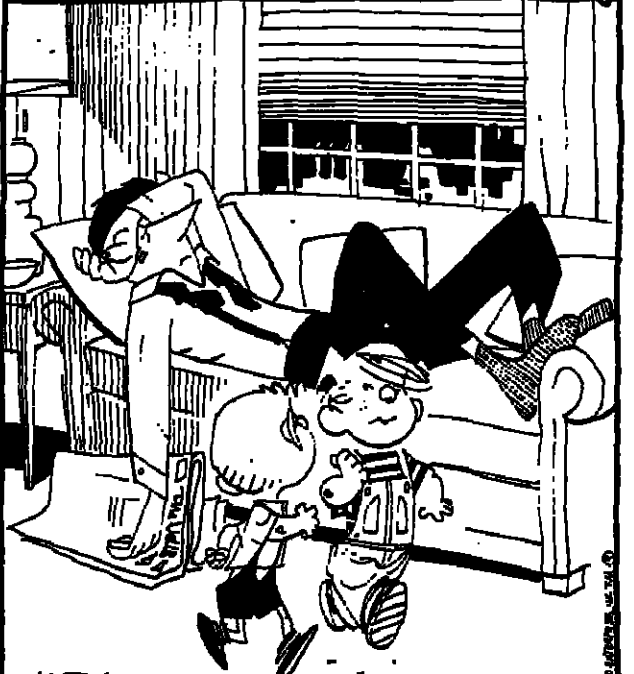
TUMBLE THAT SCRAMBLED WORD GAME

UNSCRAMBLE.
Unscramble these four jumbles,
one letter to each square, to form
four ordinary words.



Print answer here: 

DENNIS THE MENACE



"MY DAD'S CLOSED NOW, BUT HE'LL OPEN UP SOON AS MOM CALLS DINNER."

